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Conclusions and Recommendations

This report documents the current U.S. agricultural development assistance program for sub-Saharan Africa. It analyzes current resource trends and program activities in some detail, but it is neither an audit of resource flows nor an evaluation of the effectiveness of the U.S. program. It is rather a primer and overview, intended to broadly describe the multiple dimensions of U.S. efforts on African agriculture and how they relate to one another. The purpose of this report is to inform debate about future funding directions and ways to improve the program's effectiveness.

The report defines agricultural development assistance broadly to include the wide range of investments and activities that have as a primary purpose contributing to the ability of agriculture to foster rural economic development and reduce poverty and hunger in Africa. It includes natural resources management and the many other activities that contribute to improved productivity on the farm, but it also includes efforts to create an enabling policy and institutional environment for agriculture in Africa (ranging from improved land tenure systems to liberalized trade rules to applied agricultural research), develop markets for agricultural inputs and outputs, build rural roads and other physical infrastructure necessary for market access, facilitate rural employment through agribusiness and value-added processing of agricultural commodities, and build agricultural export capacity and opportunities.

U.S. investment in the public goods required to foster agriculture-led economic growth is just one way that the programs and policies of the U.S. government affect agriculture and the prospects for poverty and hunger reduction in sub-Saharan Africa. U.S. agricultural subsidies and trade policies, food safety and other phytosanitary requirements, and intellectual property policies are among the features of the policy landscape that affect African agriculture, perhaps unintentionally, but often negatively. Agricultural development assistance is, however, the one program of the U.S.

government that attempts to act directly to foster agriculture-led economic growth and thereby help reduce poverty and hunger in rural Africa. At a time when this goal has achieved new prominence internationally and among U.S. policymakers, the U.S. assistance program is an important subject for study, understanding, and improvement.

The analysis of agricultural development assistance in this report also provides a window into U.S. development assistance more broadly. Foreign assistance—and how it can be improved—is very much on the public policy agenda in the United States as national security and the achievement of poverty reduction sought in the MDGs have become linked in the post-September 11 world and as the Bush administration pursues important policy and institutional change as reflected most prominently in the Millennium Development Account. Lessons learned from the analysis of agricultural development assistance, especially its governance and the institutional landscape, may thus have broader applications.

This final chapter presents conclusions and recommendations concerning U.S. agricultural development assistance for sub-Saharan Africa based on the research conducted for this report in the United States and in visits to the four countries examined in detail in the appended country studies: Ghana , Mali, Mozambique, and Uganda. They are offered not as the last word from the authors or the Partnership to Cut Hunger and Poverty in Africa but to stimulate thought and debate within the policy and stakeholder community working to improve the U.S. assistance program and the contribution that agriculture can make to poverty and hunger reduction in Africa.

Conclusions

The following conclusions address agriculture's role as a vehicle for development, current resource levels and trends in the U.S. assistance program, and issues affecting the governance of the program. While agriculture is increasingly embraced as a high priority in country poverty-reduction strategies and among development agencies worldwide, it competes unfavorably for assistance resources with other sectors that are important to development, such as basic education and health, and features of the U.S. governance system undermine the effectiveness of current assistance programs.

The Role of Agriculture in Africa's Development

- Since the late 1990s, there has been a strong resurgence in the recognition of agriculture's central role in economic development and poverty reduction in Africa. This recognition is widespread both in the United States and in many African countries. It is shared by senior government policymakers and managers, development experts and practitioners, and by farmers, traders, and agribusiness men and women working on the ground in Africa.

- Because 70% of sub-Saharan Africans live and work in rural areas, agriculture is recognized as essential not only for its traditional role in meeting the immediate food security needs of smallholder and subsistence farmers but also as a key source of income and a generator of employment both on and off the farm in rural communities.

- Agriculture is embraced by NEPAD, the ADB, and many national governments in their PRSPs as the key driver of economic development and an essential part of the economic foundation for health, education, and other services that sustain growth and social well-being.

- There is also widespread recognition that agriculture can fulfill its role only by becoming a more market-oriented enterprise. For many farmers, this means getting more return from local markets; for others, it means competing and succeeding in regional and international markets and building businesses based both on traditional and non-traditional commodities and exports. Farmers need to increase their productivity *and* their incomes.

- To transform African agriculture in this fashion will require substantial public and private investment, as emphasized in the African Union/NEPAD's Comprehensive Africa Agriculture Development Programme and the Maputo Declaration pledge by

African leaders to commit 10% of their national budgets to agriculture and rural development.

- Private investment and entrepreneurship is required to finance and operate specific enterprises successfully. However, private efforts will not be attractive and rewarding without public investment, which provides essential foundation investments, including supportive policy frameworks, rural finance mechanisms, market information and other market-facilitating services, rural transport and other physical infrastructure, human capacity building through training and extension, and appropriate research and technology development. These public goods are key to the success of any market-oriented agricultural system.

- Achieving adequate public investment in African agriculture will require both internal African resources from national budgets and external resources from developed country donors and international institutions.

- Despite the widespread recognition of agriculture's role in Africa's development, reflected in country PRSPs and the policy and program plans of development agencies worldwide, it often takes a back seat to other sectors in the national budgets of both African and donor countries.

Resource Levels and Trends in U.S. Development Assistance for African Agriculture

In the United States, the heightened recognition of agriculture's role in Africa has manifested itself in statements and program definitions at the policy level—for example, in USAID's agriculture strategy and in the principles guiding the president's IEHA—but this has not translated into increased budgets. In general since 2000, there has been no significant increase in U.S. resources devoted to agricultural development assistance in Africa.

- While the concept of agriculture-led economic growth and poverty reduction in Africa is widely embraced, as is the need to be broadly inclusive in defining what constitutes agricultural development assistance, there is no mechanism in place today for accurately quantifying the level of resources used for this purpose. This is due largely to the fact that USAID, the largest U.S. source of agricultural development assistance, does not report most of its agriculture-related activities in terms directly related to its agriculture strategy.

- It is possible, however, to gain a meaningful understanding of current U.S. resource levels and trends for assistance to support agriculture-led economic growth by looking at the resources available to USAID's Africa Bureau for agricultural-related assistance programs and by estimating the actual programming of resources for that purpose by USAID and other agencies.

- The amount of funding in USAID's DA account that potentially could be used for agricultural development assistance in Africa grew by 7% from FY 2000 to 2004, from $284 million to $304 million, which means a 3% decrease in real terms after adjusting for inflation. IEHA has not resulted in increased USAID resources for agricultural development assistance in Africa. In contrast, USAID funding available for health-related activities in Africa grew by 61% during the period to $474 million.

- Estimates of actual USAID funding for agricultural development in Africa, including both traditional development assistance programs and Title II food aid resources, indicate a total gain over the period of about 19% in absolute terms (9% after inflation), to a range of $295–378 million. Most of this gain occurred between FY 2002 and 2003, with estimated expenditures essentially unchanged from 2003 to 2004. In 2005, the Africa DA budget increased by $53 million over 2004, but $40 million of this gain was allocated to the Education and Democracy/Conflict sectors. It is too early to estimate how the remaining small gain in funds available for agricultural assistance development (about $13 million) will translate into actual expenditures in 2005.

- When funding for African agricultural development from other U.S. bilateral sources—USDA-managed food aid, the African Development Foundation, and the TDA—is considered, U.S. bilateral assistance increased by 7–8% over the five-year period, in the range of $350–433 million, which amounts to a slight decline in real terms after inflation. This level of funding for agriculture-led economic growth in Africa amounts to about 4% of total USAID-managed assistance programs worldwide.

- U.S. funding for agricultural development in Africa through multilateral channels—the FAO, IFAD, WFP, World Bank/IDA, and the African Development Fund—which comprises about 20% of total funding, grew by 34%, from $79 million to $106 million, due almost entirely to in a commendable increase in World Bank/IDA funding for rural roads.

- These figures show that the emphasis placed on agriculture as a key to economic development and poverty reduction by administration leaders has yet to be reflected in substantial budget gains for agricultural development assistance in Africa.

Governance and the Politics of Assistance

Funding levels and trends tell only part of the story of U.S. agricultural development assistance for Africa. The level of available funding, the purposes for which it can be used, and the efficiency with which resources reach the ground where they can have an impact in Africa are all influenced by complicated interactions among U.S. government agencies, their constituents, and a broad range of international considerations.

There are two key issues. First, competing policy and political considerations have led to an increasing imbalance in the resources available for agriculture-led economic growth relative to assistance for the health and education sectors. Second, even within the funding available for agriculture, strong congressional earmarks severely limit the flexibility of assistance programs to respond to needs identified at the country level. At least 90% of USAID's DA account is pre-allocated to specific areas through earmarks, including trade capacity, microenterprise, biodiversity, and plant biotechnology. These are important areas in general for agricultural development but may not match specific country priorities. The effect of these earmarks is to reduce the flexibility of development assistance programs to respond to the most important needs at the field level and, thus, undermine the effectiveness of assistance.

- The big decisions about how much U.S. development assistance funding is available and for what purposes are inherently and actively political in the sense that they are shaped by competing policy and political considerations and interest groups and made to a large extent by elected officials rather than development experts. One practical consequence is that decisions and priorities established by USAID officials, including the administrator, are not translated easily into new budget allocations. The flat funding of agriculture in Africa reflects this reality.

- Since September 11, 2001, long-term development initiatives, such as support for agricultural development in Africa, have competed with immediate assistance needs in Afghanistan and Iraq, as well as with other short-term crises, like Darfur in Sudan. In his first congressional budget testimony in the spring of 2001, Administrator Natsios' priorities were the three program pillars of Economic Growth and Agriculture, Global Health, and Conflict Prevention and Developmental Relief. By 2004, his budget testimony gave priority to the emergencies of the day and the war on terrorism. This is a natural and not new phenomenon in our democratic political system, but it puts initiatives with longer term investment horizons and payoffs at a disadvantage in the competition for resources.

- Intense competition from crises of the day and high priorities in the health and education sectors, along with general budget constraints, explain why the slice of the USAID budget pie available for agricultural development assistance in Africa has remained essentially flat since 2000 despite resurgent support for agriculture at a policy level. The Millennium Challenge Account has the potential to avoid these constraints. If MCA-eligible countries make agriculture-led economic growth a priority, MCA will be able to fund them for that purpose at levels well beyond what could ever be achieved through the USAID budget.

- In addition to crises of the day, other competing policy and political considerations limit the total amount of resources available for agricultural development assistance and how those resources can be allocated. Strong congressional earmarks direct in broad terms how at least 90% of USAID's DA account must be spent, with significant earmarks in areas that relate indirectly but in specific ways to agriculture's potential role in development. These include large earmarks for trade capacity, microenterprise, biodiversity, and plant biotechnology. Each of these earmarks has its political patrons and advocates and each has its own legitimate justification, but their cumulative effect is to force many of USAID's agricultural assistance projects into particular models (such as support for specific microenterprises that seek to expand their export markets or work on export policy reform), which may be more or less appropriate in a particular country based on that country's needs and priorities. By laying claim to most of the available resource, the earmarks also crowd out investments in transport and other forms of rural infrastructure that USAID and many African countries consider high priority but that do not have any earmark support in the USAID budget.

- The nature of the U.S. budget process is that it rewards well-meaning, politically active groups that can persuade members of Congress that their particular cause deserves a guaranteed level of funding. Since the starting point for next year's budget is often this year's allocations, earmarks have staying power and accumulate over time. While individual earmarks may have merit, their cumulative impact is the development assistance equivalent of the committee-designed camel, not a coherent strategy, and they largely preempt the flexibility of USAID and partners in Africa to develop and implement coherent, partner-led strategies that will be effective in the diversity of situations that African countries face.

- The first development compact to be entered into by the MCC, with Madagascar, illustrates how different an earmark-driven public investment strategy might be from a strategy driven by a country's judgment about how to reduce poverty and promote economic growth. USAID's 2004 CSH and DA portfolio in Madagascar was budgeted at about $19.5 million, of which $10 million was for health services and products, $8.3 million was for biologically diverse forest ecosystems, $0.7 million was for improved governance, and only $0.5 million was related to agriculture-led economic growth. The Madagascar-driven compact is focused entirely on efforts that will foster agriculture-led rural economic growth and poverty reduction: securing improved property rights to land, improving rural finance and credit skills, and helping Malagasy farmers and rural entrepreneurs identify and exploit new market opportunities. The compact, which was signed in April 2005, will provide Madagascar with $110 million dollars over four years.

- Another governance factor undermining the effectiveness of agricultural assistance is that the current planning and reporting system biases the agency toward projects that can report quantifiable, relatively near-term results through the USAID internal management system. These pressures may contribute to USAID's dwindling portfolio of human and institutional capacity-building programs and infrastructure projects and its emerging focus on relatively small-scale projects that can produce concrete results. These include working with a specific firm or group of producers to increase income from the export of a particular commodity or value-added product. Picking and supporting specific, potential agribusiness winners has its own value but may or may not have as large and as broad-based an impact as longer term investments in infrastructure, training, and institutional development.

- Limited funding for agriculture, the results-driven bias toward small-scale projects, and other features of the political and governance system have resulted in the fragmentation of agricultural development assistance into a large number of modest-sized projects across the region. Estimated programming of funds for agriculture-related strategic objectives at the field office level in sub-Saharan Africa, which averaged about $200 million per year from 2000 through 2004, was spread widely across 24 countries and four regional programs, resulting in average annual funding at the country level of about $6 million per year. This money is typically subdivided further within each country among multiple contractors and grantees. As an arm of the U.S. foreign policy apparatus, USAID is expected for diplomatic and political purposes to have some presence in many countries and the need to satisfy diverse earmarks, along with other factors, pressures USAID field offices to involve multiple implementing organizations in diverse projects. This raises the issues, however, of whether funding for projects is sufficient to have a lasting effect, how well they can be coordinated, and how their effects add up.

- Fragmentation also gives rise to questions about the coordination of agricultural development assistance within USAID, among U.S. agencies, and with other donor countries and international institutions. Within USAID, the Africa Bureau and Office of Food for Peace have traditionally operated in parallel but independently, with FFP Title II cooperating sponsors in Africa contracting with and reporting to Washington, while other implementing organizations work directly with the local USAID field offices. Recently, many missions have worked to coordinate and even integrate these activities, and, at least on the surface, there is considerable convergence within USAID on the general approach taken to agricultural development in Africa. There is, however, no established mechanism for coordinating agricultural development strategy, resource allocation, or on-the-ground activity with USDA (the other major bilateral funder of agricultural development assistance) or with the multilateral development institutions. Because there is wide agreement internationally on the general approach to agriculture-led economic growth and poverty reduction, the key implementation issues include priority-setting, resource allocation, and aggregation of efforts so that the maximum, sustainable development benefit is achieved.

- Finally, domestic political and policy considerations impose a "political overhead" on U.S. development assistance that reduces the level of resource that actually reaches the ground in Africa. This includes the costs incurred in procuring food in the U.S. and shipping it to Africa in predominately U.S. ships, tying aid to procurement from U.S. sources, and using predominately U.S. contractors to implement development projects in Africa. It is beyond the scope of this report to quantify the dollar cost of this political overhead, but it is substantial. The political forces shaping U.S.

development assistance can also have consequences in the recipient country beyond diminished resources reaching the ground. Food aid can disrupt local markets; the tying of procurement cuts out local suppliers; and the predominance of U.S.-based project designers and implementers undermines local ownership of the development process.

Recommendations

The fact that policymakers widely recognize the essential role of broad-based, market-oriented agricultural development in achieving economic growth and poverty reduction is an important shift and accomplishment. The issue now is how best to make the public investment and create the public goods required to turn the vision into reality. The recommendations and questions in this section are a partial response. They address funding priorities and levels, opportunities to improve effectiveness, and possible structural change in the program. But they are only a starting point. Fulfilling the vision will require commitment, creativity, and willingness to change on the part of the broad policy and stakeholder community.

Funding Levels and Priorities

Because U.S. funding for agricultural development assistance in Africa has lagged significantly behind other sectors and regions, the United States should:

- *Invest More in Economic Growth, Making African Agriculture a Real Budget Priority* – It is critical that overall development assistance grow significantly. As part of a major increase, African economic development in general and agriculture-led growth and poverty reduction in particular should be made true budget priorities for Congress and USAID. Assistance to African agriculture should grow at least as fast as overall foreign development assistance, and, by 2009, at least double to 10% or more as a percentage of USAID-managed development assistance. Creating a better balance between spending on social services and investments for economic development is critical. Food, economic development, and health are interdependent. If people cannot produce adequate food, they will never be healthy; without economic growth in rural communities, African nations will remain dependent on external assistance to sustain their health systems and meet other basic human needs.

Resource Use and Effectiveness

Because the level of resources actually reaching the ground in Africa and their effective application are diminished by correctable policy and structural features of the aid system, the United States should:

- *Reduce Political Overhead* – Congress and the administration should review and reform the policies governing sourcing and shipping of food aid, U.S. procurement preferences, and reliance on U.S.-based vendors so that more of the resources appropriated for agricultural development assistance reach the ground in Africa.

- *Reduce Fragmentation* – USAID should take the lead among U.S. agencies to mount larger and more focused programs within countries and within the region, taking advantage of all available U.S. resources (Development Assistance, Title II food aid, and USDA-managed food aid) and managed by fewer vendors, to ensure that the U.S. investment adds up to meaningful improvement in the public goods required to build a successful agricultural system.

- *Improve Donor Coordination and Pooling of Resources* – To further improve the use and effectiveness of resources, USAID should intensify its efforts to both coordinate programs and pool resources with other donor agencies so that the donor community as a whole can be a coherent, meaningful component of the recipient country's agricultural development and investment strategy.

- *Foster Local Ownership of the Development Process* – USAID should expand its program and budget support funding for agricultural development in countries that have committed to a clearly defined development strategy and have installed the systems required to manage resources with transparency and accountability.

Planning and Reporting

- *Develop a Coordinated U.S. Strategy for Supporting Agriculture-Led Economic Growth in Africa* – To support growth in funding for agriculture-led economic growth in Africa and a more strategic use of available funds, the USAID administrator should lead the development of and propose to Congress a comprehensive cross-agency plan that defines funding needs and priorities for this purpose and outlines how agricultural development resources will be spent, in a coordinated manner, to foster broad-based economic growth and poverty reduction.

- *Improve Transparency, Accountability, and Incentives for Local Ownership and for Potentially High-Impact Programs with Longer Time Horizons to Achievement* – As a key part of the comprehensive agricultural development support strategy, the USAID administrator should develop and implement a consistent reporting mechanism that reveals, on an annual basis and for all agencies with programs related to African agricultural development:

    - Levels and trends in U.S. assistance for agriculture-led economic growth and poverty reduction in Africa;
    - Progress against indicators of substantive progress established in the comprehensive cross-agency plan;
    - Assessment of the projected long-term impact of projects, including standardized projected returns to the investment beyond external funding and assessment of the probability that the gains can be sustained by the host country following withdrawal of external assistance.

Fund for African Agriculture

To provide a budget vehicle for increased investment in African agriculture and poverty-reducing economic growth, the United States should:

- *Develop a New Funding Mechanism* – The principles underlying the MCA go a long way toward insulating long-term investment for development from the congressional earmark process and competition with the crisis or political priority of the day but its scope remains limited. Congress and the administration should create a similar, unearmarked fund specifically for Africa targeted at supporting rural economic growth in countries that meet specific criteria.

Appendix 4-A: U.S. Agricultural Development Assistance in Ghana

By Michael R. Taylor, Julie A. Howard, and Nicole M. Mason[1]

Overview of the Economy, Agriculture, and Food Security in Ghana[2]

The former British colony of the Gold Coast became the sovereign, independent nation of Ghana in 1957 after nearly five centuries of control of the coastal regions by European imperial powers. Independence leader Kwame Nkrumah, head of the Convention's People's Party, was elected Ghana's first prime minister. Although Nkrumah sought to unify the new nation under a socialist regime, challenges to the party's control were met with censorship and "preventive detention." Nkrumah was ousted in a coup by the Ghanaian army in 1966.

The National Liberation Council, the group responsible for the coup, called for greater accountability and civilian authority and the country eventually elected a prime minister and a president. Economic instability was the undoing of this regime, and Ghana saw its second bloodless coup in 1974, led by Colonel I.K. Acheampong. The colonel's promises of a better quality of life and economic development went unrealized, however, and mismanagement and rampant corruption plagued Ghana. Acheampong was overthrown in a palace coup by General Akuffo, who was eventually overthrown by Flt. Lt. Jerry John Rawlings in June 1979. Even though Rawlings and his Armed Forces Revolutionary Council handed power over to a civilian government led by Dr. Hilla

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Linmann in September 1979, Rawlings came back in a coup to overthrow the Linmann government on December 31, 1981, and set up the Provisional National Defence Council (PNDC) (Asuming-Brempong 2005).

For more than a decade, Rawlings attempted to root out corruption through force and intimidation, but eventually in the early 1990s the PNDC lifted the ban on political parties. Rawlings formed and led the National Democratic Congress and was democratically elected president in 1992 (Asuming-Brempong 2005). Rawlings was re-elected in 1996 and power was finally transferred peacefully in January 2001 to John Agyekum Kufuor of the New Patriotic Party. President Kufuor, who was re-elected in December 2004, is constitutionally limited to two terms.

Twelve years of civilian rule has been insufficient to lift Ghana out of poverty; in fact, poverty deepened among some communities in Ghana, especially in the north, over the period 1993–2003 (Ghana 2003). Although adult literacy is among the highest in sub-Saharan Africa (SSA) at 72.6% (due to nine years of free, public, compulsory education) and AIDS prevalence is relatively low at 3.6%, 40% of Ghana's population of 19.7 million lives in poverty, with 27% living in extreme poverty (1999) (Ghana 2003). Staple crop farmers are disproportionately affected by poverty in Ghana and make up 59% of the country's poor (Ghana 2003). Regional poverty disparities exist as well, with rates as high as 88% (1998–1999) in Upper West Ghana and as low as 5% (1998–1999) in the Greater Accra region. Infant mortality is lower (55/1,000) and life expectancy is higher (56.9 years) than in many other SSA countries but these figures remain high and low, respectively, relative to higher income countries.

After repeated post-independence coups wreaked havoc on the Ghanaian economy, an economic recovery program was launched in 1983 in conjunction with the International Monetary Fund (IMF) to help stabilize Ghana's economy. Price liberalization and structural adjustment under the IMF plan and debt relief through the Heavily Indebted Poor Country (HIPC) Initiative have done little, however, to stimulate the economy (Ghana 2003). Economic growth in Ghana has stagnated at 5.2% (2003),

[2] Information in this section is drawn from the U.S. Department of State's "Background Note: Ghana" unless otherwise noted (U.S. Department of State 2004).

and at $320 (2003) (World Bank 2003), per capita gross domestic product (GDP) is lower than it was at independence (Ghana 2003).

Ghana's rich and varied resource base has the potential to generate significant wealth, but over-reliance on traditional exports—cocoa, timber, gold, and other raw, unprocessed materials—has left the economy vulnerable to price fluctuations on the world market. With 54.7% of the workforce engaged in agriculture and fishing, Ghanaians are affected profoundly by these oscillations.

Ghanaian exports totaled $1.6 billion in 2001, with cocoa accounting for nearly one-third of exports; aluminum, gold, timber, diamonds, manganese, coconuts and palm products, coffee, shea nuts, pineapples, cashews, peppers, and rubber made up the remaining two-thirds of export revenue. The major Ghanaian staple food crops are cassava, yams, plantains, corn, rice, peanuts, millet, and sorghum. Although the majority of Ghanaians work in the agricultural sector, the industrial sector is advanced relative to other SSA countries and employs 18.7% of the workforce; sales and clerical jobs (15.2%); services, transportation, and communications jobs (7.7%); and professional jobs (3.7%) employ most of the remainder of the workforce.

Despite a 40% poverty rate and a stagnant economy, Ghana has made significant progress in combating hunger. The Food and Agriculture Organization of the United Nations (FAO) reports that undernourishment in Ghana declined from 37% in the period 1990–1992 to 18% in the period 1995–1997 (FAO 2004).[3] Undernourishment declined further to 13% in the period 2000–2002, though the rate of decrease has slowed significantly.

Ghana's Governance Structure for Agricultural Development

Ghana's democratic government includes at the national level a popularly elected president, a unicameral Parliament, and an independent Supreme Court. The national government works through ten regional sub-divisions. At the local level, however, there

[3] The term "undernourishment" refers only to the failure to meet dietary energy needs and not to the problem of malnutrition, which includes the failure to consume the micronutrients, protein, and other dietary components needed for good health. Nevertheless, FAO uses undernourishment interchangeably with "food insecurity," which FAO defines as the condition in which people in a society lack physical and economic access to the safe and nutritious food they need to thrive (FAO 2004).

are 138 district governments, each with its own elected District Assembly. The district chief executive is appointed by the president, and, together with the District Assembly, plays a significant role in developing and implementing policies adopted by the national government.

Agriculture and rural-based agribusiness are central to Ghana's economic development and poverty reduction plans, which are in turn among the highest priorities of Ghana's government. The key development policy framework for Ghana is the Ghana Poverty Reduction Strategy (GPRS) 2003–2005 (Ghana 2003), which was developed and is implemented through the efforts of numerous government bodies at the national and local levels.

At the top level of the government, President Kufuor has been involved personally in providing leadership and policy direction to Ghana's poverty reduction and agricultural development strategies. To oversee development of the GPRS, he appointed his senior minister, a long-time and widely respected figure in Ghanaian government, to chair the constitutionally mandated National Development Planning Commission (NDPC). The NDPC coordinates the development and implementation of the GPRS. He also has identified himself with presidential special initiatives to promote agricultural development in a number of commodity sectors, including cassava, oil of palm, and cotton.

Because the GPRS addresses both the social services and economic components of the development process, virtually every ministry in the government has been involved in its development and implementation. At least seven ministries played important roles in developing the agriculture-related elements of the GPRS, with the Ministry of Food and Agriculture (MOFA) contributing the core agricultural development components in the form of its 2002 Food and Agriculture Sector Development Policy (FASDEP) (discussed further below). Parliament also participated in the development of the strategy through dialogue with the NDPC and had the final say in approving the GPRS following extensive hearings and deliberations. The District Assemblies contributed to the formulation of the GPRS by providing comments through the relevant ministries and play a critical role in frontline implementation because they must approve any specific projects proposed within their districts in pursuit of the strategy.

Because the ability of agriculture to contribute to economic growth depends on a host of factors beyond the mandate of MOFA, other ministries and agencies also contribute to the GPRS in ways related to agriculture, including the Ministry of Transport and Highways; the Ministry of Local Government and Rural Development; the Ministry of Environment, Science and Technology; the Ministry of Trade and Industry; the Ministry of Private Sector Development and Presidential Special Initiatives; the Ministry of Women and Children's Affairs; and the National Board for Small Scale Industries. Finally, the Ministry of Finance and Economic Planning plays a critical role in allocating scarce government resources among many competing bodies and priorities.

Ghana's governance system for development policy provides the private sector and other elements of society with opportunities to participate through the normal process of expressing views to elected members of Parliament and District Assemblies. In addition, Ghana conducts an annual National Economic Dialogue that is designed to involve civil society in discussion of development policy. Due at least in part to this and other efforts to be inclusive in the development of the GPRS, the strategy enjoys wide support in Ghana, including the endorsement of the opposition party. The differences of opinion about the GPRS concern the feasibility of meeting some of its specific development goals on time rather than the general thrust of the strategy.

The Role of Agriculture in Ghana's Development Strategy

The GPRS is a broad framework for achieving "growth, accelerated poverty reduction and the protection of the vulnerable and excluded" by:

- Ensuring sound economic management for accelerated growth;
- Increasing production and promoting sustainable livelihoods and gainful employment;
- Direct support for human development and the provision of basic services;
- Providing special programs in support of the vulnerable and excluded;
- Ensuring good governance and increased capacity of the public sector; and

- The active involvement of the private sector as the main engine of growth and partner in nation building (Ghana 2003, 30).

Agriculture has a central role in the GPRS, reflecting the high percentage of the Ghanaian workforce engaged in agriculture and the high rates of poverty among farmers. Based on the belief that changing "the archaic, near-subsistence agricultural economy into a progressive, dynamic, entrepreneurial and profitable business … will act as a stepping stone to widespread industrialization (Ghana 2003, 36)," the GPRS makes "modernized agriculture based on rural development" one of its medium-term priorities, with the objective "to develop the country to become an agro-industrial economy by the year 2010" (Ghana 2003, 144).

The GPRS recognizes that achieving these ambitious goals in agriculture requires a broad array of measures to improve infrastructure for irrigation, storage, and transport; to improve the marketing opportunities of farmers by removing government-imposed obstacles and supporting producer organizations; and to increase productivity through extension services that help farmers with crop and livestock development and new technologies. It also calls for reform of the land tenure system in Ghana so farmers can have title to their land, which is "an essential prerequisite to attracting entrepreneurship into farming and the promotion of agricultural industry" (Ghana 2003, 40).

Further details on how Ghana plans to achieve the agricultural modernization goal of the GPRS are provided in the FASDEP (MOFA 2002). According to this policy, the MOFA will contribute to poverty reduction in Ghana by promoting "sustainable agriculture and thriving agribusiness" through a holistic and market-oriented approach that includes facilitation of: 1) the production of agricultural raw materials for industry; 2) the production of agricultural commodities for export; 3) effective and efficient input supply and distribution systems; and 4) effective and efficient output processing and marketing systems (MOFA 2002).

The GPRS recognizes that significant investment will be necessary if Ghana is to achieve its overall GDP growth rate target of 8% by 2010 and its agricultural sector growth rate target of 4.8% by 2005. To address this need, the strategy calls for increased public financing of development from both internal and external sources. This includes improving the efficiency with which taxes are raised and government expenditures are made by Ghana's government, reducing the non-concessionary component of external loans, and devoting HIPC initiative savings to poverty reduction programs after domestic debt is reduced.

Overview of Public Investment in Ghana's Agriculture

While the focus of this study is U.S. agricultural development assistance to Ghana, the U.S. program is best understood in the context of overall public investment in Ghanaian agriculture, which is summarized in this section.

As used here, the term "public investment" refers to expenditures by the government of Ghana or by external donor governments and multilateral institutions. Public investment in agriculture includes expenditures that have as a primary purpose improving the capacity of agriculture to contribute to economic growth and a reduction in poverty and hunger. It thus includes expenditures for the core agricultural purpose of increasing productivity through improved access to technology, extension, and other services farmers need to produce, as well as the broader purpose of linking farmers to markets so they can earn income from increased production.

In many cases, such as spending on rural roads or trade policy, public investments have multiple purposes, and it may not be possible to identify a primary purpose. Thus, the broader view of public investment in agriculture taken here makes it impossible to produce a single figure that can be said with confidence to represent total public investment in agriculture in any country. The only remedy is to describe relevant spending in ways that are as clear, transparent, and comparable country-to-country as available information permits.

The GPRS projects in some detail the cost of implementation of Ghana's poverty-reduction strategy over the three-year period 2003–2005 (Ghana 2003). Ghana projects the total cost to be $5.28 billion above the baseline costs of government operations to be allocated over five thematic areas: macro-economic stability (8%), production and gainful employment (27%), human development and provision of basic services (58%), special programs for the vulnerable and excluded (3%), and governance (4%). When the GPRS identifies medium-term priority programs, however, which are projected to cost

$2.52 billion over the three years, the two-to-one ratio between the social sector (primarily health and education) and economic sector (which includes agriculture, rural development, and infrastructure) is almost exactly reversed, with 56.2 % being allocated to the economic sector and 29.8% to the social sector (Ghana 2003).

Agriculture per se (as funded through the Ministry of Food and Agriculture) does not fare well, however, in the priority scheme. Of the $80 million the GPRS projected for the modernization of agriculture over the three years, $23 million was projected for 2003, but less than $1 million of this made the medium-term priority cut. These efforts, which included mechanization, irrigation and fisheries investments, instead were deemed a supplementary priority program that would be implemented "if additional funds can be secured" (Ghana 2003, Volume II, 14). Infrastructure investments related to agriculture fared better, with actual expenditures for feeder roads reaching $303 million in 2003, which was even greater than the $242 million that had been planned (NDPC 2004).

For all of its investments to implement the GPRS, Ghana depends heavily on external donors, with 90% of the projected $444 million in 2003 GPRS investments coming from external sources. According to the Organisation for Economic Co-operation and Development (OECD) (Table 1), external assistance for all purposes totaled more than $900 million in 2003, or about 12% of Ghana's national income, with the top four donors being the World Bank's International Development Association, the United Kingdom, the Netherlands, and the United States.

Ghana's 2003 annual progress report on the GPRS (NDPC 2004) reports actual spending patterns in the first year of implementation. It shows that considering both government of Ghana and donor resources, the actual share of GPRS investment going to agriculture per se declined by 45% between 2001 and 2003 (from 7.17% to 3.91% of total discretionary expenditures). The report acknowledges that this "has negative implications for the poor" (NDPC 2004, 33). However, spending for infrastructure (primarily roads) was substantial at 15.5% of the total. This was below the GPRS target of 17.2% but above the 2001 level of 11.6%. Despite the GPRS's expression of medium-term priorities, social investments through the Ministries of Education and Health continued to receive the largest share (38.7%) of discretionary GPRS spending. Interestingly, the donor contribution to Ghana's GPRS investments was skewed in a different direction, with 10.7% going to agriculture per se, 51.5% going to infrastructure, and 16.7% going to the social sectors (NDPC 2004).

According to OECD's Creditor Reporting System, bilateral assistance from the OECD countries (including the United States) averaged $466 million annually from 2000 through 2003, with reported funding for core agriculture, forestry, and rural development purposes averaging about $27.5 million annually (Table 2). Reported OECD country funding for road transport averaged $33 million over the period, but 90% of this was in one year (2003), and the data do not specify whether the assistance was for rural or urban road transport.

Significant public investment in Ghanaian agriculture also comes from the multilateral development organizations, including:

- *The World Bank*. The World Bank portfolio in Ghana includes 28 active projects with a commitment value of about $1,084 million (World Bank 2005). These projects involve health, education, infrastructure, governance, natural resource management, and other sectors related to achieving the goals of the bank's Country Assistance Strategy for Ghana, which include improving access to services for poor Ghanaians as well as land titling and public-sector management reform (World Bank 2000). Eight active World Bank projects relate directly to agriculture, with a value of about $125.2 million (Table 3).
- *Food and Agriculture Organization*. In 2004, FAO was involved in 27 active, mostly multi-year projects in Ghana, with a total contribution valued at $4.4 million (FAO 2005). FAO's projects focus primarily on improving productivity and food security at the household level, but they involve a wide range of activities, including strengthening the organizational capacity of producer organizations, fostering access to needed inputs, capacity building for agricultural product processing, improving irrigation policy and regulatory measures, training, and developing agriculture-related industries and bankable projects.
- International Fund for Agricultural Development (IFAD). The IFAD is financing five ongoing projects in Ghana with loans totaling approximately $41.3 million (IFAD 2005). The projects are: 1) a project to foster the development, enhancement, and empowerment of new and existing micro- and small enterprises; 2) a poverty

reduction project focused on women and the rural poor in the Northern Region of Ghana; 3) a rural finances project; 4) a five-year project in the Upper East Region of Ghana to improve women's access to credit and land, develop rural infrastructure, and empower producer organizations; and 5) a six-year program to increase smallholder agricultural productivity through root and tuber crop systems.

- *African Development Bank* (ADB). In 2003, ADB loans and grant disbursements in Ghana totaled 49.8 UA or approximately $74.6 million (ADBG 2005). While agriculture is a priority sector for investment in the ADB's strategic plan, project- and sector-specific information was not available for this report.

It is impossible to determine precisely the total amount of annual public investment in Ghanaian agriculture, whether from domestic or external sources, due to the lack of any standardized definition or reporting system for such investment and the fact that many projects are funded on a multi-year basis. Nevertheless, for the sole purpose of putting U.S. assistance in context, a reasonable approximation of the annual public investment in traditional agricultural development activities in Ghana is $100–125 million, virtually all of which is from external sources. This includes annual bilateral assistance from OECD countries and multilateral commitments (assuming an average three-year project life). This does not include the anticipated investment of about $300 million per year over the 2003–2005 period in roads to improve rural and urban market access.

The U.S. Assistance Program for Agriculture in Ghana

The U.S. agricultural development program in Ghana is best understood in the context of the overall U.S. assistance program in the country. The United States is one of Ghana's largest bilateral donors, consistently ranking among the top three donor countries. As reported to the OECD, total U.S. bilateral assistance to Ghana from all agencies for all purposes during the period 2000–2003 averaged about $66 million per year (Table 2). About 80% of this assistance is funded and managed through the U.S. Agency for International Development (USAID), with the balance coming through the Peace Corps, the U.S. Department of Agriculture (USDA), the Trade and Development Agency (TDA), and the Departments of State, Treasury, and Interior.

In the fiscal years 2000–2004, the total annual USAID appropriation targeted specifically to assist Ghana averaged about $54 million, including a high of $60.7 million in FY2003 and an appropriation of $47.7 million in FY2004 (Table 4). USAID's FY2005 budget request for Ghana was $47.2 million, the eight largest in the Africa region. These figures do not include funds appropriated for Economic Growth, Agriculture, and Trade and the Africa regional programs that may have been used for activities in Ghana.

USAID's Strategy for Agriculture

USAID's overall strategy in Ghana, including its strategy for agriculture, is described in the agency's Ghana Country Strategic Plan (CSP) FY2004–2010 (USAID 2003). The broad goal of the CSP is "equitable economic growth and accelerated poverty reduction within a system of sound democratic governance" (USAID 2003, 2). This goal was identified after stakeholder consultations revealed "weak governance and slow growth" as the main constraints to poverty reduction in Ghana (USAID 2003, 2). A subsequent participatory planning process involving government and non-governmental organization partners helped to formulate four strategic objectives to accomplish the program goal:

- Strengthened Democratic and Decentralized Governance through Civic Involvement;
- Competitiveness of Ghanaian Private Sector in World Markets Increased;
- Health Status Improved; and
- Improved Quality and Access to Education.

In its overall country strategy, the USAID Mission in Ghana stresses that "all elements of the proposed strategy support [the GPRS]" and that USAID's strategic objectives are consistent with the six objectives of the Ghana's poverty reduction strategy (USAID 2003, 25). Mechanized agriculture is emphasized in the GPRS and thus features more prominently in the 2004–2010 CSP than the 1997–2004 version. Nonetheless, the CSP describes the agriculture strategy mostly in general terms, with agriculture's importance implied but rarely explicitly emphasized. Agriculture is explicitly given a high priority in the CSP only in reference to the Food for Peace (Title II) food aid program. As discussed below, a declining share of strategic objective funding in Ghana (about 15% in FY2004) goes to the strategic objective that includes agriculture and other economic development activities; most of the rest goes to health and basic education.

Agriculture is included in strategic objective 641-006 (Increased Competitiveness of Private Sector), which embodies USAID/Ghana's economic growth strategy, the ultimate goal of which is poverty reduction. The strategic objective emphasizes improved competitiveness in overseas markets because domestic markets are "too small at present to kick start rapid growth" and "regional markets are still poorly integrated" (USAID 2003, 45). The USAID/Ghana strategy will help Ghanaian exports become more competitive in overseas markets by "improving the enabling environment for the private sector" and "increasing the capacity of the private sector to respond to export opportunities" (USAID 2003, 47).

The near-term goals of the economic growth strategy (intermediate results in USAID terms) are expressed as:

- Enabling environment supportive of private sector competitiveness strengthened, with illustrative activities including:
    - Providing long-term advisors in the Ministry of Finance and other entities to assist in policy reform and/or capacity building;
    - Providing technical assistance and training to strengthen public sector fiscal, monetary, and budgetary capacity as well as energy and telecommunications regulatory bodies;
    - Conducting sector policy studies of areas such as agriculture to assess opportunities for involvement;
    - Enhancing Ghana's integration with Economic Community Of West African States through collaboration with the West African Regional Program and the West Africa Trade Hub; and
    - Providing grants to strengthen the policy analysis and advocacy capacity of businesses, labor organizations, and civil society.

- Capacity of private-sector enterprises to compete in selected product categories strengthened, with illustrative activities including:
    - Enhancing management and market information access to expand existing markets and find new markets;
    - Improving production and processing technology;
    - Developing market-driven strategic partnerships between multinational companies, Ghanaian exporters, and local out-growers; and
    - Promoting environmentally sustainable agricultural practices and build capacity to meet European Union and American market standards (USAID 2003).

In addition to these activities, the CSP calls for the Food for Peace food aid program to be integrated into the overall USAID economic growth program for Ghana. This is to be accomplished by working in the agriculture and agribusiness sectors to help connect smallholder producers to domestic and export markets, as well as working on more traditional agricultural productivity projects, such as agro-forestry extension, post-harvest loss reduction, microenterprise, and credit for agricultural inputs, including fertilizers and pesticides (USAID 2003).

USAID's Agricultural Development Program

Funds Available for Agricultural Development Assistance

USAID's agricultural development assistance for Ghana is funded and managed primarily through the USAID Mission in Accra out of its Development Assistance (DA) and PL 480 Title II accounts. The other major account through which the activities of the USAID Mission in Ghana are funded is Child Survival and Health (CSH). As indicated in Table 4 and Figure 1, the funds available through the DA and Title II accounts have declined since FY2000, and the CSH account has grown such that CSH is now the largest of the three, whereas the DA account was the largest in FY2000. The DA allocation for Ghana is slated for a further decrease in FY2005.

It is important to focus also on the specific sectors within the DA account that are used to support agriculture's role in economic development and poverty reduction, namely agriculture, economic growth, and environment (with funding for the Initiative to End Hunger in Africa [IEHA] coming online in FY2003 as a sub-component of the agriculture sector). The agriculture-related sectors comprise just over half of the DA account, with the bulk of the remainder earmarked for basic education. Funding for these sectors in Ghana declined by more than 50% from FY2000 to FY2004 (from $17.3 million to $8.2 million), even with the initiation of IEHA funding in 2004.

Non-emergency Title II food aid resources used for agricultural development also declined from FY2000 by nearly 50% to a level of $4.7 million in FY2004.

Use of Development Assistance Funding for Agriculture

1. Recent Funding of Agricultural Development

While the mission receives its DA funding allocation from Washington in the four sub-categories shown in Figure 1, USAID allocates and reports its DA resources to agriculture and other sectors through the strategic objectives laid out in its strategic plan for Ghana. As noted, the strategic objective applicable to agricultural development is strategic objective 641-006 (Increased Competitiveness of Private Sector), which was initiated with the Ghana Mission's new CSP in FY2003. The predecessor strategic objective focused primarily on agriculture was strategic objective 641-001 (Increased Private Sector Growth), which was initiated in 1997. As indicated in Table 5, funding for these predominately agriculture-related initiatives has declined steadily from $15.2 million in FY2000 to $5.1 million in FY2004.

As summarized below, not all of the activity under these strategic objective is focused on agriculture. For purposes of estimating funding of agricultural development, the authors estimate that 75% of the funding in the two private-sector growth strategic objectives is related to agricultural development. Given the inherent uncertainty in this estimate, Table 5 also expresses the estimated funding level applicable to agriculture as falling within a range of 67–100%.

Taking into account the funding of all four strategic objectives currently in effect in USAID's Ghana Mission, approximately 10–15% of the funding appears to be used for purposes related to fostering agriculture's role in economic growth and poverty reduction (Figure 2).

2. Current Activities in the Primary Agriculture Strategic Objective[4]

The overall purpose of USAID/Ghana's primary agriculture-related strategic objective is to increase the competitiveness of Ghana's private sector in world markets through training and technical assistance for both public and private actors. The activities being funded to achieve this purpose fall into two intermediate results sub-categories. The first, funded at a level of about $2.5 million in FY2004 (out of the $5.1 million allocated to this strategic objective for agricultural development), is intended to improve the enabling environment for private sector competitiveness, focusing on both policy and institutional reform. Priority focus areas include better macroeconomic and financial management in the government; removal of market entry and exit barriers and a generally more favorable trade policy regime; strengthened regulatory frameworks for gas, electricity, and telecommunications; and expanded public–private sector dialogue. Specific activities include capacity building to improve government revenue collection and technical assistance to government bodies developing gas and electricity regulations. These broad efforts to improve the enabling environment for businesses will help both agricultural and non-agricultural sectors of Ghana's economy.

The second sub-category of activity under this strategic objective, funded at a level of about $2.6 million in FY2004, involves working with specific industries and firms to increase their capacity to compete in world, regional, and local markets. This activity is focused primarily on non-traditional agricultural commodities and value-added products and involves providing technical assistance to specific firms on all aspects of the firms' business, including product design and business planning, production, accounting, logistics, and credit.

Chemonics International, Inc., recently won the prime contract to carry out most of the activities under this strategic objective.

[4] Information in this section is drawn from the USAID "FY2005 Congressional Budget Justification-Ghana" (USAID 2005).

Use of PL 480 Title II Food Aid Resources for Agricultural Development

A significant portion of the overall U.S. investment in agricultural development in Ghana is financed through development (non-emergency) food aid from USAID and USDA, which is normally channeled through private voluntary organizations working in the country as Title II cooperating sponsors (CSs). These organizations use the proceeds from the sale (monetization) of the commodities to carry out their projects involving agriculture, health, education, and other needs. Determining the dollar amount of the food aid resource that is applied to agriculture requires considering both USAID and USDA non-emergency food aid flows through USAID's Title II program (Food for Peace) and USDA's 416(b) and Food for Progress programs; related cash assistance to the private voluntary organizations through section 202(e) of PL 480; and estimates of the percentage of each private voluntary organization's program that is devoted to agricultural development[5] (Table 6).

The USAID-managed Title II food aid is discussed in this section. The USDA food aid program is discussed in the next section.

1. Funding

During the period 2000–2004, the value of USAID's Title II non-emergency food aid shipments to Ghana averaged $16.7 million annually, including freight costs from the United States (Table 6). Excluding freight costs, the value of the commodities themselves averaged $11.1 million. Total payments under section 202(e) to all CSs working in Ghana averaged $374,000 per year, with payments being made to one or more of these organizations in three of the five years. The estimated percentage of each CS's activity that was devoted to agriculture varies from zero to 100%. Based on USAID's reported estimates, the percentages of overall Title II non-emergency food aid used for agriculture in Ghana varied from 11% in FY2002 to 59% in FY2001, with the average percentage of agriculture use over the entire five-year period being 34%.

Thus, if freight costs are included, Title II food aid-financed agricultural assistance for Ghana from FY2000 through FY2004, including 202(e) payments, averaged $6.1 million annually, with the levels fluctuating between $11 million in FY2001 and $1.3 million in FY2002. The trend, however, is strongly downward, with the FY2004 value of $4.6 million being 49% lower than the FY2000 level. If freight costs are excluded, agricultural assistance financed by Title II food aid averaged $4.1 million annually.

2. Title II-Funded Development Activities

Catholic Relief Services manages the largest volume of non-emergency Title II food aid among CSs working in Ghana, but its primary focus has been education. The principal organizations managing Title II-financed agricultural development projects in Ghana are Adventist Development and Relief Agency International (ADRA) and Opportunities Industrialization Centers International, Inc. (OICI), with ADRA having by far the largest agriculture-related program (Bogart 2004).

Like USAID-managed food aid programs in general, the ADRA program is focused on the goal of food security as called for by USAID's 1995 food aid policy statement (USAID/FFP 1995). Specifically, the ADRA program is built on two strategic objectives: 1) increased agricultural productivity and income for 20,000 resource-poor farmer households and their dependents in targeted areas; and 2) increased access by 300,000 rural dwellers in the targeted communities to health and nutrition education, sanitation facilities, and year-round adequate and safe water (ADRA 2001). Both of these objectives target food-insecure households new to ADRA programs as well as individuals who engaged actively and successfully in previous ADRA Development Activity Programs.

The intermediate results sought under the agriculture-related strategic objective include increased sustainable agricultural production through increased access to farm inputs, enhanced soil fertility, and increased community reforestation and conservation, as well as increased agricultural incomes as a result of reduced post-harvest loss, increased product value-added, and better access to and utilization of markets and market information (a key element of which is rural road development) (ADRA 2001).

[5] The development food aid reported here does not include USAID or USDA food aid contributions to the U.N.' World Food Programme, which are used predominately for emergency feeding, or the USDA contributions for the Food for Education program.

Diversification, technical information transfer, and market competitiveness are three key elements of the ADRA strategic objective for agricultural productivity and farmer incomes. This strategic objective reflects the goals of both Ghana's GPRS and the USAID Mission to increase agricultural production; improve market access, information, and competitiveness; and bolster the private sector's role in achieving those goals. The strategic objective has consumed about three-quarters of ADRA's non-emergency Title II resources in Ghana over the past five years (ADRA 2001).

ADRA works closely with OICI, the other major implementer of Title II-financed agriculture projects in Ghana. OICI projects include training initiatives related to post-harvest processing and storage, pump, and well development and maintenance and sanitation in the northern region of the country (OICI 1998). Other activities included in the OICI Development Activity Program, entitled "Food Security Training and Outreach Services Initiative," include training farmers in marketing and basic business management skills and training women in practices such as beekeeping, pottery, agroforestry, and cassava production and processing. About two-thirds of OICI's Title II development work in Ghana is agriculture related (OICI 1998).

USDA's Agricultural Development Activities in Ghana

Non-Food Aid Activities

As discussed in Chapter Two, USDA has no appropriation specifically for agricultural development assistance in Africa, but USDA employees provide technical assistance and manage programs that are funded by USAID through the International Cooperation and Development (ICD) program in USDA's Foreign Agricultural Service. Ten USDA agricultural advisors are on reimbursable details at USAID working on the Presidential Initiative to End Hunger in Africa.

In addition, USDA funds occasional projects that relate to agricultural development in specific African countries, amounting to about $1 million annually across the continent, through ICD's Food Industry Division and Scientific Cooperation Research Program (Brown 2005). Projects of this kind that have had some connection with Ghana include the Cochran Fellowship Program, which through the end of FY2003 has given a total of 33 Ghanaian scientists 2 to 6 weeks of agricultural training in the United States. USDA also has provided technical assistance to Ghanaian efforts to build leadership capacity for agricultural cooperatives and to meet the food safety standards of U.S. and European importers.

Food Aid for Agricultural Development Purposes

In resource terms, USDA's largest contribution to agricultural development in Africa comes through its management of food aid programs, including the Food for Progress and the 416 (b) programs.

1. Funding

USDA's 416(b) and Food for Progress shipments of development food aid are generally on a smaller scale than the values associated with USAID's Title II Food for Peace Program and, in the case of Ghana, were made sporadically during the period FY2000–2004 (Table 6). Section 416(b) contributed to Ghana in only one of those years (FY2002) and Food for Progress in two of those years (FY2000 and FY2003) for a combined average of $1.44 million per year including the estimated cost of freight.

It is important to note that in contrast to USAID, USDA's tables reporting the values of its Food for Progress and 416(b) commodity allocations do not include the cost of freight. Freight costs normally comprise about one-third of the total value of a food aid shipment. Thus, as reflected in Table 6 the estimated freight-inclusive value of the USDA food aid allocations is about 50% greater than the values reported in the USDA food aid tables. Excluding freight, USDA shipments of 416 (b) and Food for Progress food aid averaged $960,000 annually over the five-year period.

As a general rule, Food for Progress resources are used for agriculture-related projects, while 416 (b) resources are used for a range of purposes, including agriculture, education, HIV/AIDS, and other health purposes (Rubas 2005). USDA does not provide project-by-project estimates of the percentage of food aid resources that is devoted to agriculture or other purposes. The working assumption for purposes of this report is that 100% of Food for Progress resources and 50% of 416(b) resources are used for agricultural purposes.

On this basis, the USDA-managed food aid resources made available in Ghana for agricultural development purposes in the FY2001–2004 period averaged $1.1 million per year with freight costs included and $732,000 without freight costs included (Table 6).

The USDA allocations are too irregular to reveal a clear trend, but the donations to Ghana were at their largest in FY2000 and FY2002 and were zero in FY2004.

2. Activities

The uses of USDA-managed food aid in Ghana during 2000–2004 included projects to improve on-farm productivity and employment, rural microfinance, and market development, as well as to promote HIV/AIDS prevention and education in rural communities.

Other United States Agencies

The ADF and the TDA have only limited agriculture-related activities underway in Ghana.

African Development Foundation

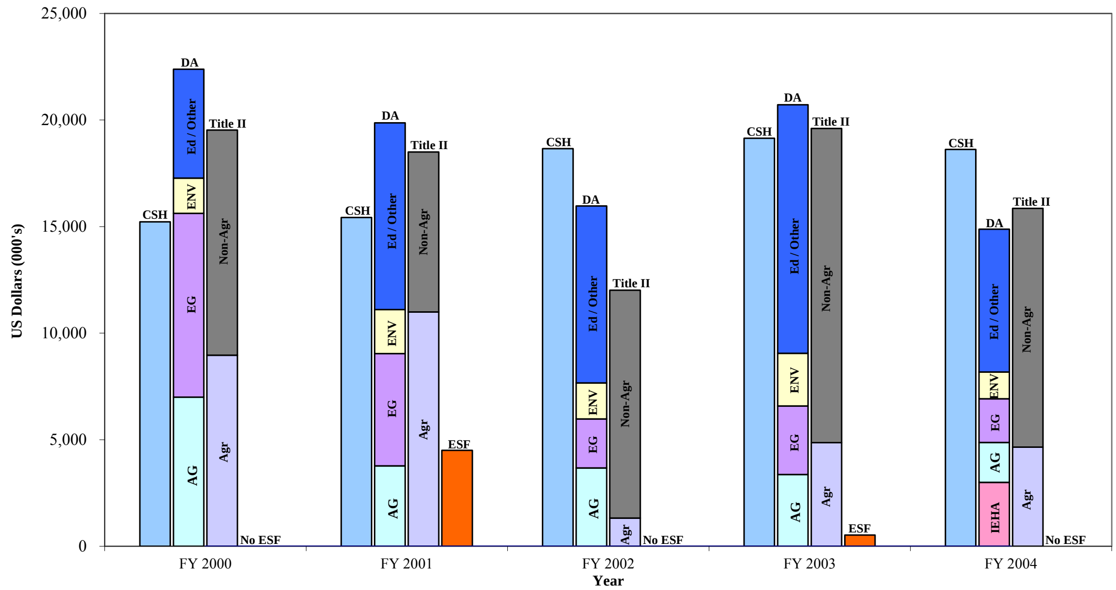
The ADF approved ten projects in Ghana in 2002 and 2003, three of which related to agricultural development according to the 2002–2003 ADF annual report, which is the most current source of readily available information on ADF activities (ADF 2003). Funding for these three projects, all of which are ongoing, totals approximately $580,200 and supports: 1) a program to increase the production capacity, revenues, employee annual incomes, and dividends of a vegetable processing enterprise; 2) a project to increase the revenues and production of a 60-member fish processors and marketers cooperative; and 3) a Ghanaian non-governmental organization to provide credit and business development services to first-time borrowers and to expand income generating activities such as shea butter processing, oil extraction, rice processing, and petty trading.

Trade and Development Agency

Twenty-one TDA projects are reported in Ghana during the FY2000–FY2004 period (OECD n.d.; USTDA 2004). None of the projects funded by TDA in Ghana in FY2000 (two projects totaling $471,000), FY2001 (four projects totaling $413,000), or FY2004 (three projects totaling $7,500) were related to agricultural development. However, one of TDA's seven projects in FY2002 (totaling $645,000) was a biomass power desk study funded at $3,000. Two of the agency's five projects in FY2003 (totaling $529,000) were also on biomass power generation and included a feasibility study ($246,000) and a desk study ($3,000).

Trends in Bilateral U.S. Agricultural Development Assistance in Ghana

The great majority of U.S. agricultural development assistance for Ghana is funded through the USAID Development Assistance account or through the USAID and USDA food aid programs, as presented in Table 7. Total funding through these vehicles has fluctuated over the five-year period FY2000–2004 within the range of $23.8 million to $8.4 million, with the changes year-to-year affected by variation in both DA and food aid funding levels. Overall, the level of bilateral U.S. assistance for agricultural development in Ghana is substantially lower in FY2004 than it was in FY2000.



Total Funds ($000's)	57,127	58,273	46,633	59,999	49,350

Notes: CSH=Child Survival and Health, AG=Agriculture, EG=Economic Growth, ENV=Environment, Ed=Education, DA=Development Assistance, Agr=Agriculture, Non-Agr=Non-agriculture, ESF=Economic Support Fund, IEHA=Initiative to End Hunger in Africa

Figure 1. USAID Non-Emergency Assistance to Ghana, FY2000–FY2004: Allocation of Appropriated Program Funds by Account and Sector

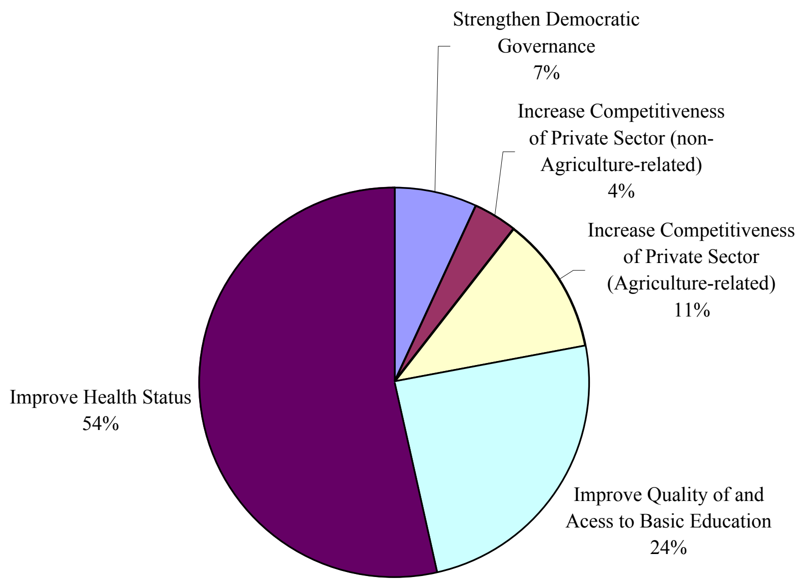


Figure 2. USAID Ghana Strategic Objective Funding Distribution, FY2004

Table 1. Aid at a Glance: Ghana

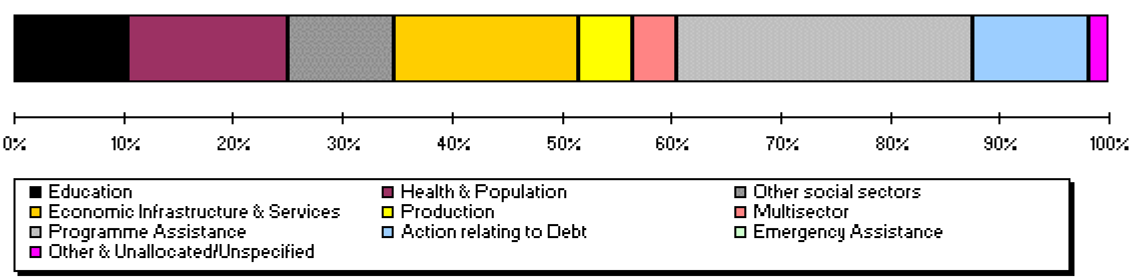
Ghana

Receipts	2001	2002	2003
Net ODA (USD million)	644	650	907
Bilateral share (gross ODA)	53%	58%	50%
Net ODA / GNI	12.4%	10.8%	12.1%
Net Private flows (USD million)	- 40	- 19	129

For reference	2001	2002	2003
Population (million)	19.4	19.9	20.4
GNI per capita (Atlas USD)	290	280	320

	Top Ten Donors of gross ODA (2002-03 average)	(USD m)
1	IDA	193
2	United Kingdom	130
3	Netherlands	81
4	United States	76
5	SAF & ESAF (IMF)	71
6	EC	65
7	AfDF	57
8	Denmark	54
9	Germany	42
10	Japan	30

Bilateral ODA by Sector (2002-03)



Sources: OECD, World Bank.

Source: Aid Statistics, Recipient Aid Charts, Ghana, OECD Development Co-operation Directorate (OECD/DAC n.d.).

Table 2. OECD Agriculture-related Assistance to Ghana[a] as Reported to the OECD/CRS from all OECD Countries Combined, 2000–2003[b] (U.S. contributions in parentheses)

Year	*Sector ($, thousands)*							
	Core Agriculture[c]	*Forestry & Fisheries*[d]	*Rural Development*[e]	*Road Transport*[f]	*Trade Policy & Facilitation*[g]	*Development Food Aid*[h]	*All Other Aid*	*Total*
2000	18,165 (7,000)	16,358 (1,660)	834	15	101	26,112 (23,470)	345,172 (33,196)	406,757 (65,326)
2001	16,476 (3,775)	15,252 (764)	9,810	12,240	355	21,467 (19,162)	241,763 (38,204)	317,363 (61,905)
2002	5,987 (130)	314	38	975	10,186	23,628 (18,356)	337,396 (38,110)	378,524 (56,596)
2003	17,770 (249)	8,765 (26)	705	118,598	1,705 (99)	27,121 (26,946)	587,548 (52,084)	762,212 (79,404)
Total	58,399 (11,154)	40,689 (2,450)	11,386	131,827	12,346 (99)	98,327 (87,934)	1,511,879 (161,594)	1,864,855 (263,231)

Notes:

[a]Recipients included in our definition of sub-Saharan Africa (SSA) include individual SSA countries, "South of Sahara Unallocated," and "Africa Unspecified."

[b]All years (2000–2003) refer to calendar years.

[c]Core Agriculture includes all purpose codes beginning with 311 (Agriculture) and purpose codes 32165 (Fertilizer Plants), 32267 (Fertilizer Minerals), 23070 (Biomass), and 32161 (Agro-Industries).

[d]Forestry & Fisheries includes all purpose codes beginning with 312 (Forestry) and 313 (Fisheries) along with purpose code 32162 (Forest Industries).

[e]Rural Development includes purpose code 43040 (Rural Development).

[6]Road Transport includes purpose code 21020 (Road Transport).

[f]Trade Policy & Facilitation includes all purpose codes beginning with 331 (Trade).

[g]Development Food Aid includes purpose codes 52000 (Development Food Aid/Food Security Assistance) and 52010 (Food Security Programmes/Food Aid).

Source: OECD CRS Online Database on Aid Activities (OECD n.d.).

Table 3. World Bank Active Agriculture-related Projects in Ghana

Project Name	*Funding ($, millions)* Agriculture-related	Total	*Project Description*
Agricultural Services Subsector Investment Project	67.0	67.0	Agricultural technology and education; Ministry of Food and Agriculture and farmer-based organization capacity building and reform.
Northern Savanna Biodiversity Conservation Project	7.0*	7.9*	Harvesting policy, biodiversity management, and land management; project management, monitoring and evaluation.
GH-GEF Forest Biodiversity SIL (FY98)	8.9*	8.9*	No additional information available.
Community-Based Rural development	36.0	60.0	Institutional and natural resource management capacity building, rural infrastructure development, and rural and microenterprise development.
GH-Community-Based Integrated Natural Resources Management	0.9*	0.9*	Combining traditional Okyeman and modern natural resource management and biodiversity conservation concepts to address deforestation, water pollution, and wildlife over-harvesting.
SAC II	0.7	5.7	No additional information available.
SAC II	1.0	8.3	No additional information available.
Land Administration Project	3.7	20.5	Land tenure and land market reform.
Total	125.2	179.2	

Notes: Unless otherwise noted, World Bank funding for the projects listed above is in the form of International Development Association loans. Projects noted with a * indicate World Bank funding in the form of grants. Agriculture-related funding amounts were calculated by multiplying the total World Bank funding amounts by the percentage of the project related to agriculture as listed by the World Bank.

Source: World Bank Ghana: Active Projects (World Bank 2005).

Table 4. USAID Appropriation of Program Funds for Ghana, FY2000–FY2004

Account	*Appropriation ($, thousands)*					
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*	*FY2005 Requested*
Development Assistance Total	22,381	19,858	15,963	20,716	14,879	11,500
Agriculture	7,000	3,775	3,671	3,375	1,872	
Economic Growth	8,620	5,264	2,300	3,208	2,049	
Environment	1,660	2,064	1,690	2,471	1,250	
IEHA	0	0	0	0	3,000	
Child Survival & Health	15,220	15,419	18,655	19,150	18,620	18,560
Economic Support Fund	0	4,500	0	530	0	0
Total PL 480 Title II Non-Emergency	19,526	18,496	12,015	19,603	15,851	
Non-Emergency Agricultural Use	8,962	10,995	1,325	4,865	4,654	
Non-Emergency Non-Agricultural Use	10,564	7,500	10,690	14,738	11,197	
TOTAL NON-EMERGENCY PROGRAM FUNDS	57,127	58,273	46,633	59,999	49,350	30,060
Total PL 480 Title II (Emergency + Development)	20,879	18,027	12,407	20,345	14,177	17,189
TOTAL PROGRAM FUNDS	58,480	57,804	47,025	60,741	47,676	47,429

Notes: IEHA=Initiative to End Hunger in Africa

Source: USAID Congressional Budget Justifications (USAID various years) and personal communication with Fenton B. Sands, Chief, Economic Growth, Environment & Agriculture Division, Office of Sustainable Development, Bureau for Africa, USAID (Sands 2005).

Table 5. USAID Agriculture-related Strategic Objectives and Funding Levels, Ghana, FY2000–FY2004

Title	*Former Title*	*% related to Agriculture*	*Funding ($, thousands)*					
			FY2000	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Total, FY2000–FY2004*
641-001 Economic Growth	641-001 Increased Private Sector Growth	75 (67-100)	11,385 (10,171-15,180)	8,327 (7,439-11,103)	5,746 (5,133-7,661)	1,650 (1,474-2,200)	0 (0)	27,108 (24,217-36,144)
641-006 Increase Competitiveness of Private Sector		75 (67-100)	0 (0)	0 (0)	0 (0)	4,598 (4,107-6,130)	3,817 (3,410-5,089)	8,415 (7,517-11,219)
Total			11,385 (10,171-15,180)	8,327 (7,439-11,103)	5,746 (5,133-7,661)	6,248 (5,581-8,330)	3,817 (3,410-5,089)	35,523 (31,734-47,363)

Source: Authors' calculations, with data from USAID Congressional Budget Justifications-Ghana (USAID various years).

Table 6. U.S. Non-Emergency Food Aid Estimated Value Applied for Agricultural Development Purposes, Ghana, FY2000–FY2004

	Funding ($, thousands)						
Allocation	*FY2000*	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Average*	*Increase, FY2000–FY2004 (%)*
USAID							
Title II Value With Freight	19,094	17,904	12,015	18,757	15,851	16,724	-17%
Title II Value w/o Freight*	12,717	11,937	8,009	12,503	10,566	11,146	-17%
202(e) Payment	432	592	0	846	0	374	--------
USAID Total With Freight	19,526	18,496	12,015	19,603	15,851	17,098	-19%
USAID Total w/o Freight	13,149	12,529	8,009	13,349	10,566	11,520	-20%
% Used for Agriculture**	46%	59%	11%	25%	29%	34%	-22%
Total USAID Agriculture Value With Freight	8,982	10,913	1,322	4,901	4,597	6,143	-49%
Total USAID Agriculture Value w/o Freight	6.049	7,392	881	3,337	3,064	4,145	-49%
USDA							
416(b) Value With Freight	0	0	3,417	0	0	683	--------
416(b) Value w/o Freight	0	0	2,278	0	0	456	--------
Food for Progress Value w/ Freight*	3,423	0	0	362	0	757	--------
Food for Progress Value w/o Freight	2,282	0	0	241	0	505	--------
Total USDA Agriculture Value With Freight*	3,423	0	1,709	362	0	1,099	--------
Total USDA Agriculture Value w/o Freight	2,282	0	1,139	241	0	732	--------
TOTAL U.S. Agr. Value With Freight	12,405	10,913	3,031	5,263	4,597	7,242	-63%
TOTAL U.S. Agr. Value w/o Freight	8,331	7,392	2,020	3,578	3,064	4,877	-63%

Notes: * Calculated based on the assumption that freight costs consume one-third of the total value.
** Calculated based on estimates in USAID annual reports on non-emergency food aid of the percentages of each cooperating sponsor program in Ghana that is devoted to agricultural development.

Source: USAID Office of Food for Peace Annual Reports, FY2000–FY2004 (USAID/FFP various years) and the USDA/Foreign Agricultural Service web site (USDA/FAS n.d.).

Table 7. Bilateral U.S. Assistance for Ghanaian Agriculture, Major Elements, FY2000– FY2004

Program	*Funding ($, thousands)*				
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*
USAID/Development Assistance Agriculture-Related Strategic Objective	11,385	8,327	5,746	6,248	3,817
USAID/Food Aid PL480 Title II*	8,982	10,913	1,322	4,901	4,597
USDA/Food Aid Food for Progress	3,423	0	1,709	362	0
Total	23,790	19,240	8,777	11,511	8,414

Notes: * Includes 202(e) payments. All food aid values include freight costs.

Source: Extracted from Tables 5 and 6.

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Appendix 4-B: U.S. Agricultural Development Assistance in Mali

By Michael R. Taylor, Julie A. Howard, and Nicole M. Mason[1]

Overview of the Economy, Agriculture, and Food Security in Mali[2]

After forming the short-lived Mali Federation with Senegal in 1959, the former French colony of Soudan withdrew from the French community and established itself as the Republic of Mali in 1960. The post-independence government was led by President Modibo Keita's socialist Union Soudanaise du Rassemblement until a bloodless coup led by Lt. Moussa Traoré in 1968. As president, Traoré approved a new constitution and survived several coup attempts but resisted calls for greater democracy in Mali. An uprising in 1991 removed Traoré and his military government from power and installed the predominately civilian Transitional Committee for the Salvation of the People (CTSP). Political parties were free to form under CTSP's new constitution, and in less than a year, Mali held presidential, national assembly, and municipal council elections. Alpha Oumar Konaré, the victorious candidate of the Alliance for Democracy in Mali, served the maximum of two terms as president, and in 2002, an independent, Amadou Toumani Touré, was elected to office.

Despite gains in democratic governance under Konaré and Touré, Mali remains one of the 10 poorest countries in the world, with a per capita gross domestic product (GDP) of $250 (2002); Mali is ranked 174 out of 177 countries in the world according to the United Nations Human Development Index (2004) (UNDP 2004). Only 31% of its

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[2] Information in this section is drawn from the U.S. Department of State's "Background Note: Mali" unless otherwise noted (U.S. Department of State 2004).

population of 10.5 million is literate. The infant mortality rate (121/1,000) and life expectancy rate (47 years) are high and low, respectively; AIDS prevalence, however, is quite low at 1.7% (Mali 2002). Nearly two-thirds of the population lives in poverty, with 21% of the total population living in extreme poverty (Mali 2002).

Much of the country's potential to mitigate such poverty lies in Mali's significant agricultural and mining resources. Indeed, 80–90% of total Malian export earnings in 2003 ($1.06 billion) came from cotton, gold, and livestock. Mali's economy has proved to be resilient in the early years of the twenty-first century as real GDP growth rates increased from 3.5% in 2001 to almost 6% in 2003 despite rising oil prices, reduced prices for gold and cotton on the international market, and a temporary closure of its main trade route to the port of Abidjan. Much of this economic growth can be attributed to a two-fold increase in cotton production as well as to ramped up gold and cereals output.

Seventy percent of the Malian work force is engaged in agriculture, which, combined with livestock and fisheries, accounts for 36% of GDP. Most land under cultivation (90%) is used for smallholder, subsistence farming of cereals, predominately sorghum, millet, and maize. Nonetheless, Mali does have a substantial cash crop export market for peanuts, cotton, and cotton products. Further expansion of industrial and export-oriented agriculture has been constrained by drought, poor infrastructure and access to ports, inadequate training and finance, and mediocre functioning of agricultural services and producer organizations (Mali 2002).

The mining and industrial sectors in Mali are expanding but currently engage just 15% of the workforce; nevertheless, food processing, textiles, cigarettes, metalworking, light manufacturing, plastics, and beverage bottling contribute 22% of GDP, and in 2002, gold supplanted cotton and livestock as Mali's primary export.

Hunger is widespread in Mali. In the years 2000–2002, the Food and Agriculture Organization of the United Nations (FAO) estimates that 29% of Malians were undernourished, meaning their basic food energy needs were not being met (FAO 2004).[3] This number is back to the 1990–1992 undernourishment level after a slight increase to

[3] The term "undernourishment" refers only to the failure to meet dietary energy needs and not to the problem of malnutrition, which includes the failure to consume the micronutrients, protein, and other dietary components needed for good health. Nevertheless, FAO uses undernourishment interchangeably

32% in the period of 1995–1997. These figures place Mali in the FAO's second highest undernourishment category (20–34% undernourished); the only West African countries to fall into a worse undernourishment category are war-torn Sierra Leone and Liberia (FAO 2004). Large food security stocks have helped to prevent undernourishment from deepening in Mali, particularly during food deficits, as in 2002.

Mali's Governance Structure for Agricultural Development

The Republic of Mali is governed under a constitution adopted by popular referendum in 1992 that provides for a multi-party democracy. The president, who serves as chief of state and commander-in-chief of the armed forces, is popularly elected for a five-year term, with a two-term limit. The president appoints a prime minister, who serves as head of government. The president also chairs the Council of Ministers, which proposes laws for adoption by the National Assembly. The government operates administratively through eight regions, which are divided into five to nine districts each (for a total of 48 districts) plus the capital district of Bamako. Each region has an appointed governor who oversees the activities of the central government ministries within the region.

The National Assembly holds all legislative power in Mali. Representation is apportioned at the district level based on population. The National Assembly's 147 members are elected for five-year terms by party slate, with the party winning a majority of the votes being awarded all of the district's seats. Currently, 16 parties are represented in the National Assembly.

Below the district level are 703 local government units that elect a mayor and a Commune Council. These local governments do not have taxing or legislative power but represent local interests and work with the central government ministries on local development issues. A process of decentralization is underway that is intended to reduce central government administrative control and increase local control over finances.

The key ministries for purposes of agriculture and rural development include the Ministry of Agriculture, Ministry of Health, Ministry of Economy and Finance, Ministry

with "food insecurity," which FAO defines as the condition in which people in a society lack physical and economic access to the safe and nutritious food they need to thrive (FAO 2004).

of Planning and National Development, Ministry of Infrastructure and Transportation, and Ministry of Industry and Commerce. The Mali Poverty Reduction Strategy Paper (PRSP) (Mali 2002), which is the "sole reference framework" for development policies and strategies in Mali, was adopted by the Council of Ministers in May 2002 following a broadly participatory process that included in the deliberations not only the key ministries at the national level but also regional representatives, civil society stakeholders, and external development partners. The PRSP also was adopted by the National Assembly. While the PRSP gained wide buy-in from the groups that participated in its formulation, the document itself acknowledges candidly that public dialogue is still being established as a method of managing public affairs and that the dialogue on the PRSP did not reach the poor in a sustained way.

The Role of Agriculture in Mali's Development Strategy

Mali's PRSP outlines the country's development strategy and is drawn from *Mali 2025: National Perspective Study* and the *National Strategy for Poverty Reduction* (Mali 2002). The basis of the strategy is the recognition that "no overall strategy can succeed without a favorable macroeconomic framework that promotes growth" (Mali 2002, 36). Accelerated and redistributive growth is considered a prerequisite for the success of the overall strategy and macroeconomic reforms are intended to promote sustainable growth, reduce poverty, improve living conditions, and strengthen financial viability (Mali 2002, 40).

Building on this solid macroeconomic foundation, the Mali PRSP focuses on three priority areas or "strategic pillars" to promote "strong and sustainable growth that is poverty reducing" (Mali 2002, 85). They are:

- Institutional development and improved governance and participation;
- Human development and strengthening the access to basic social services; and
- Development of infrastructure and support for key productive sectors (Mali 2002).

The third pillar, which is focused on economic development, emphasizes "a plan for balanced regional development and a policy of suitable infrastructure," "a new vision for rural development and a multidimensional approach to food and nutrition security," and "a new commercial policy and an integrated framework for development of the private sector and key competitive product sectors" (Mali 2002, 3). Although the Mali PRSP does not include a specific or separate agricultural strategy per se, agricultural priorities are central to the rural development component of the third pillar and are also important in the new commercial policy and integrated framework portion of this pillar.

Rural development and food security policies focus on "inputs, agricultural equipment, land security, non-farm revenue-generating processes, crisis-prevention measures, programs for emergency actions and education, health and environmental measures" (Mali 2002, 3). The main objective of these policies is to improve the living conditions of impoverished Malians in the context of sustainable development, specifically by improving food security through increased production and productivity. Mali has committed to applying 12.9% of its Heavily Indebted Poor Country Initiative debt relief funds to rural development and natural resource management, including agricultural development (Mali 2002).

Agricultural investment is central to both the national poverty reduction strategy and the strategies for each of the eight outlying regions of Mali (i.e., excluding the capital region of Bamako), with the specific focus of agricultural investment depending on each region's strengths and potential. In the Segou region, for example, the PRSP recommends exploitation of the rice sector, intensification of vegetable cultivation, and the promotion and processing of local agricultural products such as calabash, cotton, and cattle. By contrast in the region of Mopti, the greatest potential for poverty reduction lies in the development of the fishing, market gardening, irrigated farming, and livestock-meat sectors (Mali 2002).

At the national level, the rural development strategy for the primary sector is centered on:

- *Food security*, including cereal price and market liberalization, increased agricultural production and diversification to mitigate vulnerability to climatic variability, decreased regional inequalities, linking producers to markets and improving access to cereals in areas with food deficits and by vulnerable social groups, protection of purchasing power, and elimination of malnutrition.

- *Restoration and maintenance of soil fertility* through research and extension, improved structures for management and support, and the integration of agriculture and livestock into soil management.
- *Development of hydro-agricultural facilities*, including an irrigation research program and capacity building of producers to manage hydro-agricultural facilities through improved land titling and water resource accessibility.
- *Development of agricultural, animal, forestry, and fisheries production*, particularly that which affects the poorest portions of the population, promotes value-added processing, and contributes to sub-regional trade.
- *Development of support functions*, such as research, popularization/support and advice, training, communication, agricultural financing, agricultural credit, and promoting the role of women and children and disadvantaged groups (Mali 2002).

Particular emphasis is placed on the cotton sector in the rural development strategy given the sector's important contribution to the Malian economy.

Development of the agricultural and animal products trade portion of the tertiary sector centers on increasing value-added products through improved transport, communications, and processing infrastructure as well as enhanced knowledge of markets. These developments are intended to augment revenue-generating activities.

Overview of Public Investment in Malian Agriculture

While the focus of this study is U.S. agricultural development assistance to Mali, the U.S. program is best understood in the context of overall public investment in Malian agriculture, which is summarized in this section. As used here, the term "public investment" refers to expenditures by the government of Mali or by external donor governments and multilateral institutions. Public investment in agriculture includes expenditures that have as a primary purpose improving the capacity of agriculture to contribute to economic growth and a reduction in poverty and hunger. It thus includes expenditures for the core agricultural purpose of increasing productivity through improved access to technology, extension, and other services farmers need to produce, as well as the broader purpose of linking farmers to markets so they can earn income from increased production.

In many cases, such as spending on rural roads or trade policy, public investments have multiple purposes, and it may not be possible to identify a primary purpose. Thus, the broader view of public investment in agriculture taken here makes it impossible to produce a single figure that can be said with confidence to represent total public investment in agriculture in any country. The only remedy is to describe relevant spending in ways that are as clear, transparent, and comparable country-to-country as available information permits.

The Malian government's investment in agricultural development occurs in the context of its overall investment plans for implementation of Mali's PRSP, which projected expenditures for the four-year period of 2002–2005. Planned expenditures for all PRSP implementation activities totaled about $1.13 billion in 2002, with annual increases of 10–11% projected for 2003–2005, resulting in projected spending of $1.5 billion in 2005.[4] Of this, 37% was projected to be financed externally and 63% from domestically generated revenues.

The PRSP projected that about 51% of the available funds would go to the social sectors (including education, health, and "environment and living standards") and 47% to development of basic infrastructure and productive sectors, with the remainder to institutional development, governance, and participation. Within the development pillar, about one-third of the funding (or about $237 million as projected for 2005) was designated for "rural development and natural resources" and two-thirds for "basic infrastructure for development." In its more specific sectoral allocation of budgetary expenditures, the PRSP projected about $178 million for agriculture in 2005 and about $56 million for transport.

Within the overall government budget, agriculture had the second largest budget allocation of any single sector over the 2002–2005 period at 11.9%, with general government administration first at 12.7%. However, while total PRSP expenditures were

[4] Unless otherwise noted, the spending figures in this section are taken from text and tables in Part Four of the Mali PRSP (Mali 2002), with the dollar figures reflecting conversions from the CFA franc (the common currency of several West African countries) based on a conversion rate of 512 CFA francs to the dollar.

projected to rise by 32% over the period, agriculture expenditures were projected to decline by 13% (from $205 million in 2002 to the $178 million projected for 2005), with the amount of projected agriculture spending funded domestically declining from $89 million in 2002 to $62 million in 2005 (or from 43% to 35% of total agriculture spending). Over the same period, health and education expenditures were projected to rise by 26% and 28%, respectively.

Like many of Africa's poorest countries, and as reflected in the PRSP, Mali relies heavily on external assistance to finance its development program. According to the Organisation for Economic Co-operation and Development (OECD) (Table 1), external assistance to Mali from all sources for all purposes totaled about $528 million in 2003, or about 13% of Mali's national income, with the top four donors being the World Bank's International Development Association, France, the European Commission, and the United States. Funding for education, health and population, and "other social services" was just over 50% of the total, while funding for economic infrastructure and services and "production" garnered about 12% of the total.

As reported through the OECD's Creditor Reporting System, bilateral assistance from the OECD countries (including the United States) averaged $266 million annually from 2000 through 2003, with reported funding for core agriculture, forestry, and rural development purposes averaging about $26.3 million annually (Table 2). Reported OECD country funding for road transport averaged $2.4 million over the period, but the data do not specify whether the assistance was for rural or urban road transport.

Significant public investment in Malian agriculture also comes from the multilateral development organizations, including:

- *The World Bank*. As of June 2005, the World Bank portfolio in Mali included 14 active projects with a commitment value of about $546 million (World Bank 2005). These projects involve education, energy and mining, governance, natural resource management, health, infrastructure, and other sectors related to achieving the goals of the bank's Country Assistance Strategy for Mali, which include promoting growth, developing human resources, and enhancing public finance management and governance. Three active World Bank projects relate directly to agriculture, with a value of about $135.4 million (Table 3).

- *Food and Agriculture Organization*. In 2004, FAO was involved in 13 active, mostly multi-year projects in Mali, with a total FAO contribution valued at $6 million (FAO 2005). FAO's projects focus primarily on improving productivity and food security at the household level but they involve a wide range of activities, including locust control and livestock vaccination, urban forestry, decentralization of natural resource management, development of bankable projects, and irrigation.
- *International Fund for Agricultural Development* (IFAD). IFAD is financing two ongoing projects in Mali with loans totaling approximately $24.3 million (IFAD 2005). The projects are: 1) a ten-year flexible lending program to support the initiatives of rural communities in Segou and Koulikoro to improve household food security, incomes, and well-being, including enhanced agricultural productivity and marketing and social services; and 2) an irrigation project in the Lacustre Zone.
- *African Development Bank* (ADB). In 2003, ADB loans and grant disbursements in Mali totaled 31.1 UA or approximately $46.6 million (ADBG 2005). While agriculture is a priority sector for investment in the ADB's strategic plan, project- and sector-specific information was not available for this report.

It is impossible to determine precisely the total amount of annual public investment in Malian agriculture, whether from domestic or external sources, due to the lack of any standardized definition or reporting system for such investment and the fact that many projects are funded on a multi-year basis. Nevertheless, for the sole purpose of putting U.S. assistance in context, a reasonable approximation of the annual public investment in traditional agricultural development activities is $225–275 million. This includes annual bilateral assistance from OECD countries and multilateral commitments (assuming an average three-year project life).

The U.S. Assistance Program for Agriculture in Mali

The U.S. agricultural development program in Mali is best understood in the context of the overall U.S. assistance program in the country. France is consistently Mali's largest bilateral donor, with the United States typically ranking second or third along with the Netherlands and Germany. As reported to the OECD, total U.S. bilateral assistance to Mali from all agencies for all purposes during the period 2000–2003 averaged about $43 million per year (Table 2). About 90% of this assistance is funded and managed through the U.S. Agency for International Development (USAID), with the balance coming through the Peace Corps, the Trade and Development Agency (TDA), and the Departments of Labor and State.

In the fiscal years 2000–2004, the total annual USAID appropriation targeted specifically to assist Mali has been fairly stable in the range of $37.5 million (2001) to $40.8 million (2003) and had averaged about $39 million per year (Table 4). USAID's FY2005 budget request for Mali was $34.8 million, the 11th largest in the Africa region. These figures do not include funds appropriated for the Economic Growth, Agriculture, and Trade and the Africa regional programs that may have been used for activities in Mali.

Background and Strategy

The United States has worked in Mali for more than four decades, primarily through USAID, and currently considers itself to have important strategic interests in common with Mali. A predominately Muslim country, Mali is an important partner in the war on terror, and poverty reduction and economic growth are top priorities for the governments of both Mali and the United States. The United States has been a strong supporter of Mali's economic and structural adjustment over the last decade.

USAID's overall strategy in Mali, including its strategy for agriculture, is described in USAID's Mali Country Strategic Plan (CSP) FY2003–2012 (USAID 2002). The CSP includes four specific strategic objectives—High Impact Health Services, Improved Quality of Basic Education, Shared Governance Through Decentralization, and

Accelerated Economic Growth—and one special objective, Communications for Development.

A participatory planning process involving both governmental and non-governmental stakeholders was used to select USAID's strategic objectives for Mali, with that country's PRSP providing a framework and set of principles to which the CSP adheres (USAID 2002). As a result, the CSP complements and contributes to Mali's own plan for poverty reduction; likewise, the USAID strategy is well integrated into the Malian poverty reduction plan. The strategies share a focus on increased agricultural productivity as a means of achieving economic growth and poverty reduction.

Although 56% of the FY2004 CSP funding was allocated for the High Impact Health Services strategic objective (USAID 2005), poverty reduction and economic growth, embodied in the Accelerated Economic Growth strategic objective, are underscored as the highest priorities of the CSP (USAID 2002). Consistent with the central role of agriculture in the Malian economy, the CSP emphasizes that "in Mali, achieving a higher growth in agriculture will be absolutely essential for increasing incomes and employment and for reducing poverty" (USAID 2002, 58). In fact, the stated purpose of the Accelerated Economic Growth strategic objective is to "increase productivity and incomes in selected agricultural subsectors" (USAID 2002, 59).

One agricultural theme of the CSP is cereals and specifically the need to continue Mali's transition from a deficit producer to a surplus producer and from a net importer to a net exporter. This is to be accomplished by increased private sector investment, agricultural market policy reform, and enhanced agricultural production (USAID 2002). Another agriculture-related focus of the CSP is the production and trade of commodities for which Mali has a comparative advantage, as well as diversification to mitigate vulnerability to climatic fluctuations. Technical assistance for agribusiness and financing are also critical aspects of the USAID/Mali strategy for accelerated economic growth (USAID 2002).

Beyond these broad themes, the CSP identifies the following specific near-term goals for the Accelerated Economic Growth strategic objective (intermediate results in USAID terms):

- Sustainable production of selected agricultural products in targeted areas increased, with illustrative activities including:
    - Expanded production of least-cost feed rations for livestock;
    - Business management training for livestock feed and enterprises;
    - Training of farm producer groups in business and management practices;
    - Financing of irrigation infrastructure and water points;
    - Irrigated land tenure reform;
    - Support for seed multiplication and distribution;
    - Training and extension of Community Based Natural Resource Management (CBNRM) techniques; and
    - Improvement and dissemination of CBNRM regulations.
- Trade of selected agricultural products increased, with illustrative activities including:
    - Strengthening and expansion of the Market Information System;
    - Expansion of marketing infrastructure;
    - Pursuit of trade policy reforms;
    - Strengthening of the capacity of professional trade organizations; and
    - Expansion of agriculture markets.
- Access to finance increased, with illustrative activities including:
    - Creation of financial tools to facilitate agricultural investment;
    - Establishment of microfinance institutions (MFIs); and
    - Building MFI capacity to mitigate agricultural risk (USAID 2002).

Strategic partnerships are an important tool for accomplishing the goals of the CSP in the context of the Accelerated Economic Growth strategic objective and other strategic objectives. For example, the Accelerated Economic Growth initiative will collaborate closely with the Food for Peace Program and the trade component of the West African Regional Program (USAID 2002). The government of Mali, technical agencies of the Ministry of Rural Development, local communities, and other public and private entities also are key partners in stimulating economic growth.

USAID's Agricultural Development Program

Funds Available for Agricultural Development Assistance

USAID's agricultural development assistance for Mali is funded and managed primarily through the USAID Mission in Bamako out of its Development Assistance (DA) account. Mali received modest allocations of Title II food aid during FY2000–FY2002, about $3.3 million of which was used for agricultural development assistance in FY2000 (Table 4). Food aid allocations declined sharply after that and were eliminated in FY2003, with agricultural development uses reaching zero in FY2002. The other major account through which the activities of the USAID Mission in Mali are funded is Child Survival and Health (CSH). As indicated in Table 4 and Figure 1, total funding through the DA account has remained fairly stable, standing at $24.3 million in FY2004 but with the FY2005 request somewhat lower at $20.8 million. The CSH appropriation also has been fairly stable, standing at $14.3 million in FY2004.

Within the DA account, it is important to focus on the specific sectoral allocations that are used to support agriculture's role in economic development and poverty reduction, namely agriculture, economic growth, and environment (with funding for the Initiative to End Hunger in Africa [IEHA] coming online in FY2003 as a sub-component of the agriculture sector). The agriculture-related sectors comprised about 70% of the DA account in FY2004, with the bulk of the remainder going for basic education and governance (Figure 1). Between FY2000 and FY2004, funding for the agriculture-related sectors in Mali increased by about 5% (less than $1 million) despite an IEHA allocation to Mali in FY2004 of $5.5 million.

Use of Development Assistance Funding for Agriculture

1. Recent Funding of Agricultural Development

While the mission receives its allocation of DA funds that are potentially applicable to agricultural development, as broadly construed for this report, in the four sectoral sub-categories shown in Table 4, USAID allocates and reports its commitment of DA resources to agriculture and other sectors through the strategic objectives laid out in its

Mali CSP. As noted earlier, the Mali Mission is currently pursuing four strategic objectives, with strategic objective 688-009 (Accelerated Economic Growth) being the one applicable to agricultural development (USAID 2005). Although some of the activities under this strategic objective may benefit non-agricultural enterprises, the activities are predominately agriculture-related, and the authors treated it as a 100% agriculture-related strategic objective for the purposes of estimating the overall USAID commitment of program funds to support agriculture-led economic growth. This strategic objective was initiated in FY2002. Funding for it (and its predecessors related to agricultural development) was $12.5 million in FY2000, dropped to $7.9 million in FY2001, and then rose to $14.3 million in 2004 (Table 5).

Taking into account the funding of all four strategic objectives in effect in USAID's Mali Mission in FY2004, approximately 37% of the funding is used for purposes related to fostering agriculture's role in economic growth and poverty reduction (Figure 2).

2. Current Activities in the Agriculture-Related Strategic Objective

USAID/Mali's Accelerated Economic Growth strategic objective is organized around targeted interventions intended to boost production and trade in commodities for which Mali has a comparative advantage, including rice, potatoes, meat, mangos, and shea butter (USAID 2005). Of the $14.3 million committed to this strategic objective in FY2004, $8.1 million was devoted to the intermediate result of increasing sustainable production of such crops through the expansion of land under irrigation, improved production and marketing of animal feed, development of a legal framework for biotechnology, and improved natural resource management. Also included were training in basic business management and lobbying skills to enable farmers and agribusinesses to advocate more effectively for policy reform (USAID 2005).

In addition, this strategic objective devoted $3.4 million in FY2004 to a wide range of activities targeted to specific crops and aimed at improving the environment and skills needed to compete in export markets (USAID 2005). These included promoting international business linkages and investment in trade-related infrastructure, improving the policy and institutional environment for trade, improving market information systems, and training exporters in the skills needed to manage export operations efficiently and thus reduce transaction costs.

Finally, this strategic objective included the commitment in FY2004 of $2.8 million to improve access to financing by small- and medium-sized businesses, as well as to microfinance for rural people (USAID 2005). This involves working directly with banks and microfinance institutions to improve their outreach and the services they provide to these customers with the goal of increasing the volume of loan activity to agribusinesses and other agriculture-related trading activity.

Chemonics International, Inc., is a key prime contractor for this strategic objective, with sub-contractors including Associates for International Resources and Development, International Business Initiatives, CARE, The Mitchell Group, Weideman Associates, Making Cents, Bankworld, and Enterprising Solutions (USAID 2005).

Use of PL 480 Title II Food Aid Resources for Agricultural Development

As noted, Mali has not been a recipient of significant PL 480, Title II food aid over the period FY2000–FY2005, except in FY2000, and the U.S. Department of Agriculture (USDA) has provided no development food aid to Mali over this period. As in other countries, when non-emergency (or development) food aid has been provided in Mali under Title II, it has been channeled through private voluntary organizations working in the country as Title II cooperating sponsors (CSs). In the case of Mali, these are Africare and World Vision. These organizations use the proceeds from the sale (monetization) of commodities to carry out their projects involving agriculture, health, education, and other needs.

Determining the dollar amount of the food aid resource that is applied to agriculture in Mali requires considering the total USAID non-emergency food aid flow through the Title II program (Food for Peace), the related cash assistance to CSs through section 202(e) of PL 480, and estimates of the percentage of each CS program that is devoted to agricultural development[5] (Table 6).

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[4] The development food aid reported here does not include USAID food aid contributions to the United Nations' World Food Programme, which predominately are used for emergency feeding.

1. Funding

In FY2000, the value of USAID's Title II non-emergency food aid shipment to Mali totaled $3.4 million, including freight costs from the United States (Table 6). Excluding freight costs, the value of the commodities themselves was an estimated $2.3 million. Total payments under section 202(e) to the CSs working in Mali were $426,000 in FY2000. USAID estimates that 85% of the value of the food aid programs in Mali in FY2000 was applied to agricultural development activities, which means that about $3.3 million with freight costs included and $2.3 million without freight costs included was used for agricultural development purposes in FY2000. In FY2001, these figures dropped to $365,000 and $271,000, respectively, and to zero in FY2002–FY2004.

2. Title II-Funded Development Activities

Africare was the principal CS managing food aid-financed development projects in Mali in FY2000 and FY2001, working under a program that concluded in 2001 (Bogart 2004). Like USAID-sponsored food aid programs in general, the Africare program is focused on the goal of food security as called for by USAID's 1995 food aid policy statement (USAID/FFP 1995). Africare's FY1997–2002 Title II program, entitled the Goundam Food Security Initiative, focused on 30 villages in FY2001, with its overarching goal being "to enhance food security among the populations of Goundam Circle, Timbuktu Region, Mali" (Africare 2002, 3). The program consisted of nutrition, agriculture, health services delivery, and income-generating activity components and sought to achieve the following objectives: 1) strengthened capacity of targeted communities to address food security issues; 2) increased and diversified agricultural production; 3) improved household nutrition; and 4) improved access to potable water (Africare 2003).

Achievement of the first objective was based on indicators such as the number of participatory rural appraisals completed and communities' "food security community capacity index" (Africare 2003). For the second objective, the number of months households had adequate food provisions and the number of hectares with improved agricultural techniques related to irrigation and food crops were used to gauge progress. To evaluate the effect of efforts under the third objective, the percentages of children stunted and children enrolled in a growth monitoring program were monitored. Finally, improvements in access to potable water were evaluated based on the percentage of households having year-round access to potable water and the number of wells maintained by communities (Africare 2003).

Examples of achievements detailed in the 2001 results report include 298 hectares with improved agricultural techniques in 2001, up from zero hectares in 1998 (Africare 2003). The number of months households reported having adequate food provisions was actually lower in 2001 (5.1 months) than it was in the 1998 baseline study (5.6 months).

USDA's Agricultural Development Activities in Mali

As noted earlier, USDA did not provide food aid to Mali during the 2000–2004 period. Beyond food aid, USDA has no appropriation specifically for agricultural development assistance in Africa, but USDA employees provide technical assistance and manage programs that are funded by USAID through the International Cooperation and Development (ICD) program in USDA's Foreign Agricultural Service. Ten USDA agricultural advisors are on reimbursable details at USAID working on the Presidential Initiative to End Hunger in Africa.

In addition, USDA funds occasional projects that relate to agricultural development in specific African countries, amounting to about $1 million annually across the continent, through ICD's Food Industry Division and Scientific Cooperation Research Program (Brown 2005). No data were available on USDA projects carried out specifically in Mali.

Other United States Agencies

African Development Foundation

Four of eight projects in Mali approved in 2002 and 2003 by the ADF relate to agricultural development according to the 2002–2003 ADF annual report, which is the most current source of readily available information on ADF activities (ADF 2003). Funding for these four projects, all of which are ongoing, totals approximately $688,500.

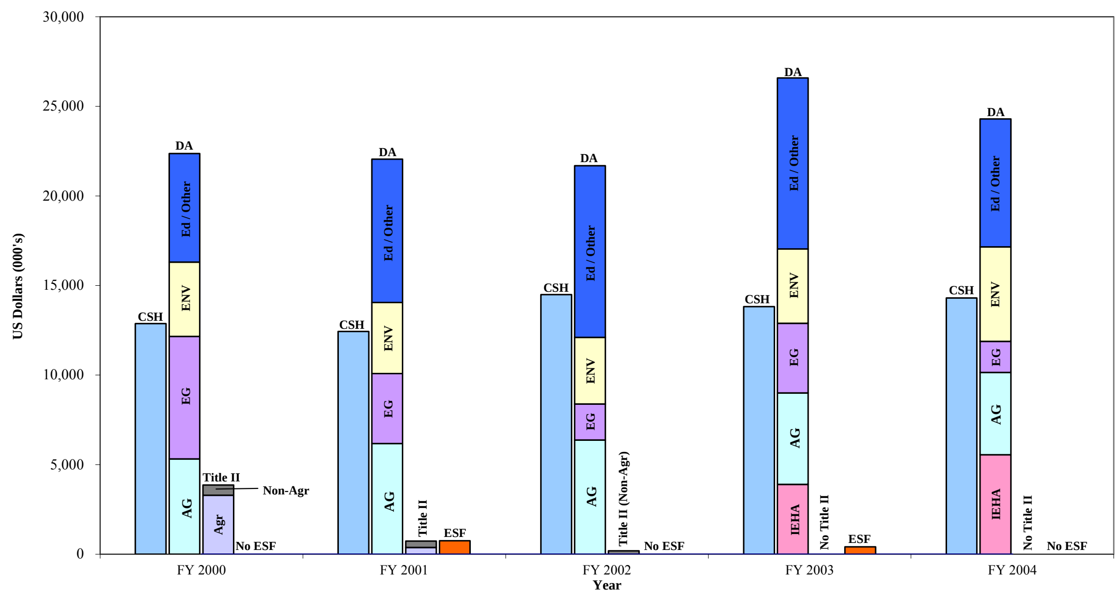
The projects are: 1) tomato processing; 2) rice processing and marketing support; 3) traditional cereals processing and marketing; and 4) fruit juice processing.

Trade and Development Agency

The TDA funded one project in Mali per year in FY2000 ($203,000) and FY2001 ($145,000); neither of these projects related to agricultural development and no TDA projects are reported in Mali during the FY2002–FY2004 period (OECD n.d.; USTDA 2004).

Trends in Bilateral U.S. Agricultural Development Assistance in Mali

The great majority of U.S. agricultural development assistance for Mali is funded bilaterally through the USAID Development Assistance account, with some Title II food aid funding in FY2000 and FY2001 (Table 7). Total funding through these vehicles is down from $15.8 million in FY2000 to $14.3 million in FY2004, a decline of nearly 10%. The level of assistance for agriculture was less than $9 million per year in FY2001 and 2002, reflecting drops from FY2000 in both the Development Assistance account and food aid funding.



Total Funds ($000's)	39,106	35,967	36,363	40,812	38,596

Notes: CSH=Child Survival and Health, AG=Agriculture, EG=Economic Growth, ENV=Environment, Ed=Education, DA=Development Assistance, Agr=Agriculture, Non-Agr=Non-agriculture, ESF=Economic Support Fund, IEHA=Initiative to End Hunger in Africa

Figure 1. USAID Non-Emergency Assistance to Mali, FY2000–FY2004: Allocation of Appropriated Program Funds by Account and Sector

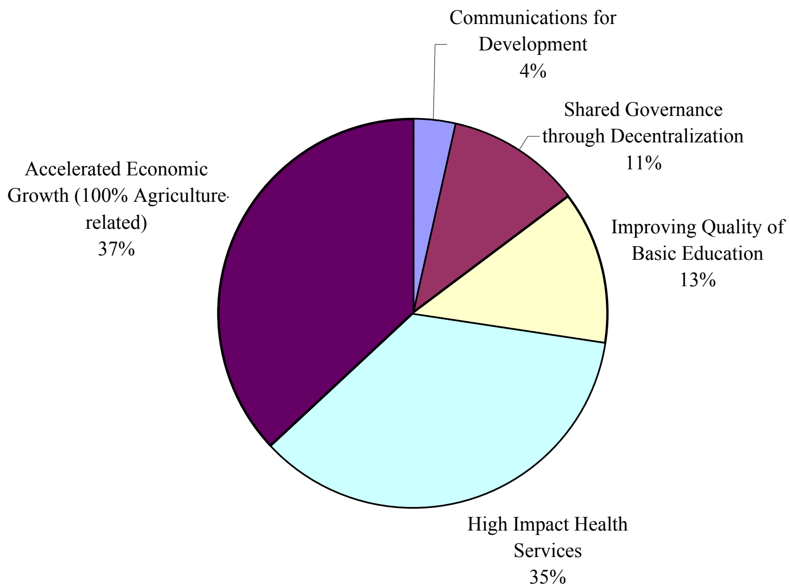


Figure 2. USAID Mali Strategic Objective Funding Distribution, FY2004

Table 1. Aid at a Glance: Mali

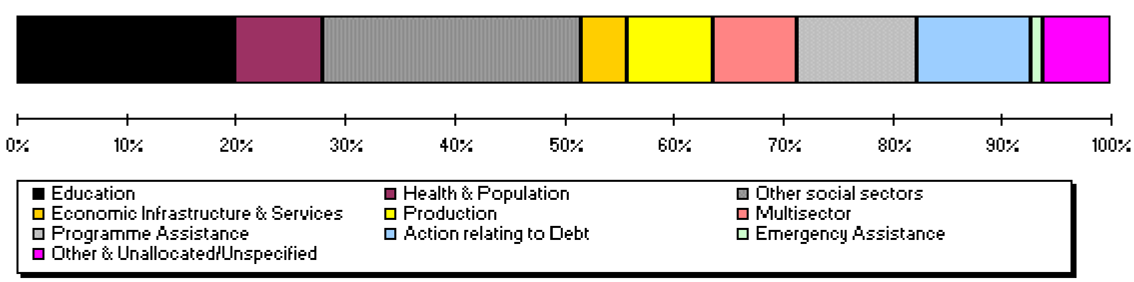
Mali

Receipts	2001	2002	2003
Net ODA (USD million)	354	467	528
Bilateral share (gross ODA)	56%	60%	48%
Net ODA / GNI	14.4%	15.0%	12.7%
Net Private flows (USD million)	- 2	- 135	17

For reference	2001	2002	2003
Population (million)	11.1	11.4	11.7
GNI per capita (Atlas USD)	230	240	290

	Top Ten Donors of gross ODA (2002-03 average)	(USD m)
1	IDA	103
2	France	86
3	EC	84
4	United States	53
5	Netherlands	40
6	AfDF	31
7	Arab Countries	30
8	Germany	26
9	Canada	19
10	Japan	17

Bilateral ODA by Sector (2002-03)



Sources: OECD, World Bank.

Source: Aid Statistics, Recipient Aid Charts, Mali, OECD Development Co-operation Directorate (OECD/DAC n.d.).

Table 2. OECD Agriculture-related Assistance to Mali[a] as Reported to the OECD/CRS from all OECD Countries Combined, 2000–2003[b] (U.S. contributions in parentheses)

	Sector ($, thousands)							
Year	*Core Agriculture*[c]	*Forestry & Fisheries*[d]	*Rural Development*[e]	*Road Transport*[f]	*Trade Policy & Facilitation*[g]	*Development Food Aid*[h]	*All Other Aid*	*Total*
2000	16,294 (5,391)	19	8,392	9,408	320	3,938 (3,905)	213,615 (33,767)	251,987 (43,063)
2001	18,467 (5,178)	1,500 (810)	990	2	1,420 (1,405)	1,293 (1,154)	219,076 (30,393)	242,749 (38,940)
2002	17,151 (324)	1,414	4,688		1,208	1,432 (1,355)	263,850 (39,577)	289,743 (41,256)
2003	27,453	254	8,874	76		134	242,069 (47,598)	278,861 (47,598)
Total	79,366 (10,893)	3,187 (810)	22,944	9,487	2,948 (1,405)	6,798 (6,414)	938,610 (151,335)	1,063,340 (170,857)

Notes:
[a]Recipients included in our definition of sub-Saharan Africa (SSA) include individual SSA countries, "South of Sahara Unallocated," and "Africa Unspecified."
[b]All years (2000–2003) refer to calendar years.
[c]Core Agriculture includes all purpose codes beginning with 311 (Agriculture) and purpose codes 32165 (Fertilizer Plants), 32267 (Fertilizer Minerals), 23070 (Biomass), and 32161 (Agro-Industries).
[d]Forestry & Fisheries includes all purpose codes beginning with 312 (Forestry) and 313 (Fisheries) along with purpose code 32162 (Forest Industries).
[e]Rural Development includes purpose code 43040 (Rural Development).
[6]Road Transport includes purpose code 21020 (Road Transport).
[f]Trade Policy & Facilitation includes all purpose codes beginning with 331 (Trade).
[g]Development Food Aid includes purpose codes 52000 (Development Food Aid/Food Security Assistance) and 52010 (Food Security Programmes/Food Aid).

Source: OECD CRS Online Database on Aid Activities (OECD n.d.).

Table 3. World Bank Active Agriculture-related Projects in Mali

Project Name	*Funding ($, millions)*		*Project Description*
	Agriculture-related	*Total*	
Agricultural Services and Producer Organizations Project	43.5	43.5	Improve delivery of agricultural services to producer organizations through empowerment, institutional and agricultural research capacity building, and private-sector participation.
Gourma Biodiversity Conservation Project	4.4*	5.5*	Local capacity-building, conservation management, and community awareness raising.
National Rural Infrastructure Project	87.5	115.1	Promote private irrigation investment, improve irrigation infrastructure, and rural road development.
Total	135.4	164.1	

Notes: Unless otherwise noted, World Bank funding for the projects listed above is in the form of International Development Association loans. Projects noted with a * indicate World Bank funding in the form of grants. Agriculture-related funding amounts were calculated by multiplying the total World Bank funding amounts by the percentage of the project related to agriculture as listed by the World Bank.

Source: World Bank Mali: Active Projects (World Bank 2005).

Table 4. USAID Appropriation of Program Funds for Mali, FY2000–FY2004

	Appropriation ($, thousands)					
Account	*FY2000 Actual*	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*	*FY2005 Requested*
Development Assistance Total	22,370	22,054	21,688	26,581	24,296	20,793
Agriculture	5,315	6,179	6,373	5,100	4,600	
Economic Growth	6,838	3,903	2,011	3,889	1,735	
Environment	4,150	3,977	3,718	4,152	5,266	
IEHA	0	0	0	3,900	5,550	
Child Survival & Health	12,878	12,433	14,488	13,821	14,300	13,974
Economic Support Fund	0	750	0	410	0	0
Total PL 480 Title II Non-Emergency	3,858	730	187	0	0	
Non-Emergency Agricultural Use	3,287	365	0	0	0	
Non-Emergency Non-Agricultural Use	571	365	187	0	0	
TOTAL NON-EMERGENCY PROGRAM FUNDS	39,106	35,967	36,363	40,812	38,596	34,767
Total PL 480 Title II (Emergency + Development)	3,905	2,372	1,355	0	0	0
TOTAL PROGRAM FUNDS	39,153	37,609	37,531	40,812	38,596	34,767

Notes: IEHA=Initiative to End Hunger in Africa.

Source: USAID Congressional Budget Justifications (USAID various years) and personal communication with Fenton B. Sands, Chief, Economic Growth, Environment & Agriculture Division, Office of Sustainable Development, Bureau for Africa, USAID (Sands 2005).

Table 5. USAID Agriculture-related Strategic Objectives and Funding Levels, Mali, FY2000–FY2004

Title	*Former Title*	*% related to Agriculture*	*Funding ($, thousands)* FY2000	FY2001	FY2002	FY2003	FY2004	Total, FY2000–FY2004
688-002 Sustainable Economic Growth	688-022 Increased value-added of specific economic sectors to national income	100	10,753	5,881	3,330	0	0	19,964
668-005 Development in the North		50 (33-67)	1,750 (1,155-2,345)	2,045 (1,350-2,740)	405 (267-543)	0	0	4,200 (2,772-5,628)
668-009 Accelerated Economic Growth		100	0	0	5,222	13,349	14,300	32,871
Total			12,503 (11,908-13,098)	7,926 (7,231-8,621)	8,957 (8,819-9,095)	13,349	14,300	57,035 (55,607-58,463)

Source: Authors' calculations, with data from USAID Congressional Budget Justifications-Mali (USAID various years).

Table 6. U.S. Non-Emergency Food Aid Estimated Value Applied for Agricultural Development Purposes, Mali, FY2000–FY2004

Allocation	*Funding ($, thousands)*						
	FY2000	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Average*	*Increase, FY2000–FY2004 (%)*
USAID							
Title II Value With Freight	3,432	564	0	0	0	799	-100%
Title II Value w/o Freight*	2,289	376	0	0	0	533	-100%
202(e) Payment	426	166	187	0	0	156	-100%
USAID Total With Freight	3,858	730	187	0	0	955	-100%
USAID Total w/o Freight	2,715	542	187	0	0	689	-100%
% Used for Agriculture**	85%	50%	0%	0%	0%	-----	-100%
Total USAID Agriculture Value With Freight	3,279	365	0	0	0	729	-100%
Total USAID Agriculture Value w/o Freight	2,308	271	0	0	0	516	-100%

Notes:
* Calculated based on the assumption that freight costs consume one-third of the total value.
** Calculated based on estimates in USAID annual reports on non-emergency food aid of the percentages of each cooperating sponsor program in Mali that is devoted to agricultural development.

Source: USAID Office of Food for Peace Annual Reports, FY2000–FY2004 (USAID/FFP various years) and the USDA/Foreign Agricultural Service website (USDA/FAS n.d.).

Table 7. Bilateral U.S. Assistance for Malian Agriculture, Major Elements, FY2000–FY2004

Program	*Funding ($, thousands)*				
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*
USAID/Development Assistance Rural Sector Growth Strategic Objective	12,503	7,926	8,957	13,349	14,300
USAID/Food Aid PL480 Title II*	3,279	365	0	0	0
Total	15,782	8,291	8,957	13,349	14,300

Notes: * Includes 202(e) payments. All food aid values include freight costs.

Source: Extracted from Tables 5 and 6.

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Appendix 4-C U.S. Agricultural Development Assistance in Mozambique

By Michael R. Taylor, Julie A. Howard, and Nicole M. Mason[1]

The Economy, Agriculture, and Food Security in Mozambique[2]

Mozambique achieved independence from Portugal in 1975 after more than a decade of armed struggle led by the Front for the Liberation of Mozambique (FRELIMO). The colonial economy had operated on the typical extraction model, including the mining of titanium, iron ore, and other mineral resources, with the vast majority of people relying on subsistence agriculture for survival.

Following independence, FRELIMO aligned Mozambique with the Soviet Union and adopted socialist economic policies. The result was a civil war in which neighboring Rhodesia and South Africa financed armed rebellion by the Mozambican National Resistance (RENAMO). More than a million Mozambicans were killed and several million displaced during the civil war, with dire consequences for the economy. In 1983, FRELIMO abandoned socialism and began a process of economic and political reform that culminated in a 1990 constitution providing for a multi-party political system, a market-based economy, and free elections. The civil war ended in 1992, and the first democratic elections were held in 1994, in which FRELIMO's Joaquim Chissano was elected president.[3]

Mozambique emerged from the turmoil of independence and civil war as one of the world's poorest nations and remains so today. With a population of 18.5 million, its

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[2] Information in this section is drawn from the U.S. Department of State's "Background Note: Mozambique" unless otherwise noted (U.S. Department of State 2004).

[3] In elections held in December 2004, FRELIMO's candidate Armando Guebuza was elected with 64% of the vote to succeed President Chissano (U.S. Department of State 2005).

annual per capita income in 2003 was $226 (World Bank 2004). Infant mortality is high (124/1000) and life expectancy is low at 41 years; adult literacy is 45%. AIDS prevalence is 13%. Nearly 70% of the population lives in absolute poverty (Mozambique 2001).

With peace and the implementation of market-oriented economic reforms, however, the economy of Mozambique has grown at relatively high rates in recent years, exceeding 10% from 1997 to 1999. The severe floods of 2000 cut economic growth to 2.1% that year, but growth rebounded to 14.8% in 2001 and is expected to average in the 7–10% range for the next five years. Mining remains an important element of the economy, and 31% of gross domestic product (GDP) is now derived from industrial production, including aluminum, consumer goods, light machinery, garments, food processing and beverages. Nevertheless, industry and commerce employ only 8.5% of Mozambique's workforce.

The majority of Mozambicans, 88%, work in the agriculture sector, with more than 75% engaged in small-scale agriculture. Agriculture accounts for 23.3% of the GDP. Export crops include cashews, corn, cotton, sugar, sorghum, copra, tea, citrus fruit, bananas, and tobacco. In recent years, the agricultural sector has accounted for about 80% of Mozambique's exports, which totaled $910 million in 2003, but commercial agriculture in Mozambique is severely hampered by inadequate physical infrastructure, market networks, and investment (Mozambique PRSP).

The major crops consumed locally are corn, cassava, and rice, but productivity is low due to limited use of modern equipment and other inputs. Less than 10% of households sell surplus corn, cassava, or cotton. On the other hand, 88% of Mozambique's arable land is uncultivated, suggesting significant natural capacity for growth in agricultural output. Mozambique also adjoins the relatively large South African market and has an extensive coastline, providing some comparative advantage for agricultural trade if obstacles to production can be overcome.

Hunger is a severe problem in Mozambique. The Food and Agriculture Organization of the United Nations (FAO) estimates that in the years 2000–2002, 47% of Mozambicans were undernourished, meaning their basic food energy needs were not being met (FAO 2004).[4] This number is down from the 66% and 58% that were estimated to be undernourished in the periods 1990–1992 and 1995–1997, respectively, but only six countries in the world are more food insecure than Mozambique.

Mozambique's Governance Structure for Agricultural Development

Mozambique is a multi-party democracy in which FRELIMO and RENAMO remain the leading parties, followed by numerous smaller ones. The government is headed by a popularly-elected president, who appoints the prime minister and the 23 ministers who head government departments, including the Ministry of Agriculture (MINAG). The president is both head of state and head of government and chairs the Council of Ministers.

Legislative power rests in a unicameral, 250-member National Assembly. The assembly members are elected at the province level from party tickets, which means that ballots are cast for the party rather than directly for individual candidates. Mozambique's 11 provinces and 128 districts have no elected assembly or legislative power, though Mozambique's 33 cities have elected mayors and assemblies to handle municipal matters.

Mozambique is attempting to decentralize the national government's functions. Each of the national ministries is represented at the provincial level by an official who is nominated by the national ministry and formally appointed by the provincial governor. The governors, however, are appointed by the president. Because there are no provincial or district assemblies and National Assembly members are elected by party ticket at the provincial level, there is little direct accountability of elected officials to rural people.

The president plays a key role in the formulation of agricultural development strategy, and MINAG is the key ministry. President Chissano committed the government to poverty and hunger reduction as central goals and provided leadership in the formulation and adoption of Mozambique's Action Plan for the Reduction of Absolute

[4] The term "undernourishment" refers only to the failure to meet dietary energy needs and not to the problem of malnutrition, which includes the failure to consume the micronutrients, protein, and other dietary components needed for good health. Nevertheless, FAO uses undernourishment interchangeably with "food insecurity," which FAO defines as the condition in which people in a society lack physical and economic access to the safe and nutritious food they need to thrive (FAO 2004).

Poverty (2001–2005) (PARPA or Mozambique's PRSP) (Mozambique 2001). The newly elected President Guebuza is expected to maintain that commitment.

Because agricultural development is a key element of Mozambique's PRSP, the Ministry of Agriculture and Rural Development (MADER, now referred to as MINAG) played a central role in its formulation, along with the numerous other ministries involved in development and poverty reduction, including the ministries of Planning and Finance, Industry and Commerce, Transport and Communications, Health, and Education. The PRSP was drafted by an inter-sectoral group comprised of representatives of the ministries and was adopted by the Council of Ministers following a process of consultation with stakeholders at the national level and consultation meetings in each of the provinces.

To build its own capacities and foster the progress in the agricultural sector contemplated by the PRSP, MINAG has adopted two strategy documents of its own to guide investment in Mozambican agriculture: ProAgri I and ProAgri II (MADER 2004). These strategies were blessed by the prime minister and, in the case of ProAgri II, developed on the basis of extensive consultations with both government and civil society stakeholders at the national and provincial levels, as well as with substantial input from donors and the international development agencies.

The Role of Agriculture in Mozambique's Development Strategy

Mozambique's Poverty Reduction Strategy Paper

Mozambique's PRSP embraces the market-oriented principles of the economic stabilization and structural adjustment program the country initiated in the late 1980s and for which it credits the economic growth rates it has achieved in recent years. It also recognizes that "the dynamics of human development and broad-based growth are interdependent" and that a pro-poor growth strategy "requires a policy climate which stimulates the private sector to accelerate job creation and increase income generating opportunities through self-employment" (Mozambique 2001, 3).

With these principles in mind, Mozambique's PRSP identifies six priorities (or fundamental areas of action) that are aimed at "promoting human development and creating a favourable environment for rapid, inclusive and broad-based growth" (Mozambique 2001, 3). They are:

- Education;
- Health;
- Agriculture and rural development;
- Basic infrastructure;
- Good governance; and
- Macro-economic and financial management.

It is noteworthy that agriculture is the only productive sector of the private economy included in these top-priority fundamental areas of action. The PRSP includes other important sectors as other areas of action, including mining, fisheries, and tourism, but agriculture is singled out for priority attention because the population is predominately rural and dependent on agriculture and "[t]here is a great potential for the agricultural sector to contribute to rising incomes" (Mozambique 2001, 62).

The PSRP's Agriculture and Rural Development Program explicitly focuses on poverty reduction and emphasizes the need to boost both the "family" sector and the commercial sector of the agricultural economy. The program focuses on boosting the productivity of Mozambique's farmers through research, extension, natural resource management, and other traditional services, while recognizing that "success depends on measures to provide infrastructure and services outside the field of agriculture," including transport, communications, market expansion, finance, education and training, health and nutrition (Mozambique 2001, 62).

ProAgri I and ProAgri II

MINAG's first ProAgri strategy, ProAgri I, which pre-dated the PRSP, focused on improving the ministry's capabilities as an institution in area such as program planning, budget planning and management, accounting, audit and financial control, procurement, human resources management, organization of the research system, and coordination across sectors (MADER 2004). This approach was driven in large part by donor countries and institutions, which, prior to ProAgri, were reluctant to provide assistance directly to MINAG due to lack of confidence in its financial controls and other capabilities. Prior to the inception of ProAgri I in 1999, only two donors (the European Commission and the United States) were willing to support the reform process directly through the government's budget. By 2001, that number had increased to 10, including the World Bank (MADER 2004).

By 2002, however, it had become clear, based in part on an external evaluation of ProAgri, that the progress toward improving MINAG's capabilities had not resulted in gains for the agricultural sector itself as called for by the PRSP. It was thus necessary to move to Phase II by "transforming ProAgri into a true framework for agricultural development in Mozambique, as opposed to a narrow public expenditure program focused on institutional development" (MADER 2004, 1).

ProAgri II was adopted in March 2004. It reflects MINAG's ongoing struggle to redefine its role in agricultural development and poverty reduction in relation to other government ministries and the private sector. ProAgri II emphasizes that MINAG can no longer focus on the traditional supply-driven functions of an agriculture ministry. Rather, it must coordinate its actions with other ministries with vital roles in agriculture and rural development, such as Transport and Communications, Industry and Commerce, and Education, and it must also be more demand-driven to better meet the needs of farmers and other private-sector participants in the agricultural system.

ProAgri II candidly acknowledges that defining MINAG's role within government and with the private sector "is not straightforward" (MADER 2001, 51) and is a work-in-progress. As a broad guide for that process, however, ProAgri II declares MINAG's mission to be to:

> Contribute to improved food security and poverty reduction by supporting the efforts of smallholders, the private sector, [and] governmental and non-governmental agencies to increase agricultural productivity, agro-industry and

> marketing within the principles of sustainable exploitation of natural resources. (MADER 2004, 60)

To achieve this mission, MINAG intends to work within four "pillar" areas of activity: 1) input and output markets; 2) rural finance; 3) rural infrastructure; and (4) provision of an enabling policy and regulatory environment (MADER 2004).

MINAG also plans to take a horizontal approach to planning interventions in its three strategic intervention areas: smallholder agricultural development, commercial agriculture development, and sustainable natural resources management. Each of these has a defined objective and is accompanied by strategic actions that add up to a sweeping and ambitious reform agenda:

Smallholder agricultural development: "[T]o support smallholders to develop their agriculture and natural resource related activities to enhance their livelihoods" (MADER 2004, 66).

Strategic actions include:

- *Financial Services:* Formulate and implement a plan to address smallholders' needs for financial services.
- *Roads:* Address important feeder road constraints to agriculture at province and district levels.
- *Markets for agricultural inputs, products, and services:* Stimulate markets for key inputs, products, and services.
- *Access to agricultural technology and advice:* Develop an effective research and extension service.
- *Farmers' organization:* Develop and implement a program for widespread facilitation of sustainable farmers' groups.
- *Enabling environment for the development of the smallholders' agricultural businesses*: Establish an enabling business environment for smallholder-sector development.
- *Access to forest and wildlife resources*: Create the conditions and capacity for sustainable forest and wildlife management by smallholders (MADER 2004, 66–74).

Commercial agriculture development: "[T]o stimulate increased agricultural and natural resource based production, to ensure sufficient domestic production to meet basic food needs of all Mozambicans, and increase income levels in rural areas. This should be complemented with the promotion and development of agro-industries that add value to the country's agricultural products for domestic and export markets" (MADER 2004, 75). Strategic actions include:

- *Financial Services:* Formulate and implement a plan to address commercial needs for financial services.
- *The Tax and Business Environment:* Create an enabling tax and business environment for the agricultural commercial sector.
- *Infrastructure:* Address key infrastructural constraints to agricultural sector business [such as roads, storage, and irrigation].
- *Access to Professional Services:* Develop systems by which commercial actors can access professional services [such as technical assistance for production and marketing].
- *Market for Inputs and Products:* Stimulate markets for key inputs and products.
- *Private-Sector Organization and Representation:* Develop representative organizations for the commercial agricultural sector which can adequately represent their voice.
- *Access to Forest and Wildlife Resources:* Create the conditions for a competitive and diversified commercial sector based on the sustainable management and use of forest and wildlife resources (MADER 2004, 75–79).

Sustainable natural resources management: "To guarantee sustainable natural-resource management that brings economics, social and environmental outcomes based on appropriate management (access, security of tenure and rights) and conservation plans, involving communities, public sector, and private-sector interests" (MADER 2004, 80).
Strategic actions include:

- *Natural Resource Access, Security of Tenure and Rights:* Development of a National Land Cadastre infrastructure.[5]
- *Planning and Management of Natural Resource Use:* Develop and implement natural resources planning.
- *Monitoring Use of Natural Resources:* Address key constraints to monitoring of use of natural resources and the environment.
- *Education and Information:* Increase people-oriented approaches to sustainable use and management of natural resources.
- *Natural Resources Conservation:* Prepare and implement a strategy for the conservation of natural resources (MADER 2004, 80–83).

In addition to identifying these action areas, ProAgri II provides an illustrative, but lengthy, list of targets and milestones for the institutional reforms and program activities that must be completed during the 2005–2009 period to accomplish MINAG's mission (MADER 2004).

As written, ProAgri II makes good on MINAG's goal of shifting its focus to interventions that meet directly the needs of private-sector participants in agriculture and agri-business. With its focus on interventions in multiple sectors related to but distinct from traditional agriculture—such as finance, tax and other economic policies, rural infrastructure and human capacity building, and market development—ProAgri II also challenges MINAG to forge relationships and work in concert with a wide range of public and private institutions. Without doubt, implementation of ProAgri II will be a severe test for MINAG, with the principle question among most stakeholders being whether the ministry has the human and financial resources necessary to make ProAgri II a success.

[5] "Cadastre is the [Mozambican] land registration procedure and archives. All land [in Mozambique] is public and there is a government body in the Ministry of Agriculture responsible for land allocation to businesses and individuals based on land laws and regulations. Development of a land cadastre is an attempt to update procedures, information technology and appropriate infrastructure to host the land allocation services and database" (Xavier 2005).

Overview of Public Investment in Mozambican Agriculture

Though Mozambique's PRSP gives agriculture a central place in the country's development strategy, public resources are scarce and agriculture competes with other sectors that have high priority in the PRSP, most notably education and health. According to Mozambique's *PRSP Progress Report*, spending on agriculture and rural development under the PRSP amounted to about $94 million,[6] which was about 6.6% of total government spending (Mozambique 2004). This compares to 18.5% and 13.8% for education and health, respectively.

Mozambique is heavily dependent on external assistance to fund the budget of the national government, including making the necessary public investment in the agricultural sector. Overall, about half of the government's budget is funded by external donors. According to the Organisation for Economic Co-operation and Development (OECD) (Table 1), external assistance to Mozambique from all sources for all purposes totaled about $1.03 billion in 2003, or about 25% of Mozambique's national income, with the top four donors being France, Italy, the World Bank's International Development Association, and the United States. Funding for education, health and population, and other social services was just over 25% of the total, while economic infrastructure and services and production garnered about 10%. Debt relief accounted for nearly 50% of total external assistance (Table 1).

As reported through the OECD's Creditor Reporting System, bilateral assistance from the OECD countries (including the United States) averaged $1 billion annually from 2000 through 2003, with reported funding for core agriculture, forestry, and rural development purposes averaging about $47 million annually (Table 2). Reported OECD country funding for road transport averaged $20.4 million over the period, but the data do not specify whether the assistance was for rural or urban road transport.

With respect to agriculture, MINAG reports that nearly 60% (or $63.1 million) of the $108.3 million it spent over four years (1999–2002) to implement ProAgri I was funded by external donors, including the United States, eight European donors, the World Bank, the International Fund for Agricultural Development (IFAD), and the United

[6] Based on an assumed meticais exchange rate of 20,000 Mt to one U.S. dollar.

Nations Development Bank. External contributions rose from $4.9 million in 1999 to $31.4 million in 2002 (MADER 2004).

For implementation of ProAgri II, MINAG projects an implementation budget of $275.2 million over the five-year period from 2005 through 2009, rising from $46.7 million in 2005 to $55.3 million in 2009. MINAG does not state in the ProAgri II strategy document how much of this budget it expects donors to fund, but it does assume that donors "will welcome and support the new ProAgri approach" (MADER 2004, 178).

The funding for ProAgri I and ProAgri II is only part of the public investment being made in Mozambican agriculture. Importantly, Mozambique's government invests in roads, which are essential to agricultural development. In 2003, spending for roads totaled about $104 million or 7.3% of government spending (Mozambique 2004). Moreover, according to the director general of the National Roads Administration, external donors have committed $1.7 billion over ten years (beginning in 2002) to road construction, much of which will directly benefit agricultural development (Mabombo 2005).

Beyond these investments in roads and support to the government for implementation of the ProAgri II strategy, much of the bilateral donor assistance for agricultural development comes in the form of direct support for specific projects typically implemented by foreign-based non-governmental organizations (NGOs) or for-profit consulting firms. In the period 2000–2002, when total donor funding for ProAgri I averaged $21.5 million annually, funding by OECD members for core agriculture, forestry and fishery, and rural development purposes averaged about $47 million (Table 2).

Finally, significant public investment in Mozambican agriculture also comes from the multilateral development organizations, including:

- *The World Bank*. The World Bank portfolio in Mozambique includes 22 active projects with a commitment value of about $954 million. These projects involve health, education, infrastructure, governance, and other sectors related to achieving the goals of the bank's Country Assistance Strategy for Mozambique, which include improving the investment climate and strengthening the capabilities and accountability of public institutions (World Bank 2003). Three active World Bank projects relate directly to agriculture with a value of about $31.4 million, most of which supports MINAG's implementation of ProAgri II (Table 3). In addition, the bank has been a major funder of road construction and rehabilitation, including an active project for road and bridge construction and maintenance valued at $162 million that is part of the overall road program noted earlier.

- *Food and Agriculture Organization*. In 2004, FAO was involved in 28 active, mostly multi-year projects in Mozambique, with a total FAO contribution valued at $22.2 million (FAO 2005). FAO's projects focus primarily on improving productivity and food security at the household level, but they involve a wide range of activities, including training, fostering access to needed inputs, and improving irrigation and market linkages for smallholders.
- *International Fund for Agricultural Development.* The IFAD is financing four ongoing projects in Mozambique with loans totaling approximately $70 million (IFAD 2005). The projects are: 1) support for artesian fishermen to improve and diversify their fishing techniques and improve their incomes; 2) a seven-year project to increase participation of smallholder farmers in the market economy on more favorable terms; 3) a family sector livestock program; and 4) a program to foster agricultural and rural development in the Niassa District.
- *African Development Bank* (ADB). In 2003, ADB loans and grant disbursements in Mozambique totaled 21.1 UA or approximately $31.6 million (ADBG 2005). While agriculture is a priority sector for investment in the ADB's strategic plan, project- and sector-specific information was not available for this report.

It is impossible to determine precisely the total amount of annual public investment in Mozambican agriculture, whether from domestic or external sources, due to the lack of any standardized definition or reporting system for such investment and the fact that many projects are funded on a multi-year basis. Nevertheless, for the sole purpose of putting U.S. assistance in context, a reasonable approximation of the annual public investment in agricultural development is $150–200 million, taking into account MINAG's anticipated spending on ProAgri II, annual bilateral assistance from OECD countries, and multilateral commitments (assuming an average three-year project life).

This does not include the investment in roads that is expected to average about $170 million per year beginning in 2002.

The U.S. Assistance Program for Agriculture in Mozambique

The U.S. agricultural development program in Mozambique is best understood in the context of the overall U.S. assistance program in the country. The United States is one of Mozambique's largest bilateral donors, ranking consistently among the top five donor countries (Table 1). Since FY2000, total U.S. bilateral assistance to Mozambique from all agencies for all purposes has averaged about $85 million per year (excluding the $48 million in debt forgiveness that occurred in 2002) (Table 2). More than 75% of this assistance is funded and managed through USAID, with the balance coming through the Centers for Disease Control and Prevention, the U.S. Department of Agriculture (USDA), the Peace Corps, the State Department, and the Department of the Interior.

In the fiscal years 2000–2004, the total annual USAID appropriations targeted specifically to assist Mozambique averaged about $65 million, including a high of $73.6 million in FY2000 and an appropriation of $58.8 million in FY2004 (Table 4). USAID's FY2005 budget request for Mozambique was $56.9 million and the sixth largest in the Africa region (USAID 2005). These figures do not include funds appropriated for the Economic Growth, Agriculture, and Trade and the Africa regional programs that may have been used for activities in Mozambique.

USAID's Strategy for Agriculture

USAID plays by far the largest role in Mozambican agriculture among U.S. agencies and has the most fully developed agriculture strategy. USAID's overall development strategy in Mozambique, including its strategy for agriculture, is described in the mission's Mozambique Country Strategic Plan (CSP) FY2004–2010 (USAID 2003). The CSP includes five strategic objectives: Rapid Rural Income Growth Sustained in Target Areas; Labor-Intensive Exports Increased; Increased Use of Child Survival and Reproductive Health Services in Target Areas; Transmission of HIV Reduced and Impact of the AIDS Epidemic Mitigated; and Municipal Governance Increasingly Democratic.

In its overall country strategy, the Mozambique Mission emphasizes collaboration with the government of Mozambique and notes that all five of its strategic objectives contribute to one or more of Mozambique's six PRSP objectives. The strategy document describes the participatory planning process, involving both government and NGO development partners, through which the strategy was developed, and the close working relationship the mission has with other donors and with ProAgri (USAID 2003).

The mission's strategic objectives related to HIV/AIDS and maternal and child health are important in the USAID strategy, consuming about 45% of the non-food aid assistance allocated to Mozambique in FY2004. However, Rapid Rural Income Growth Sustained in Target Areas, the strategic objective related to agriculture, is singled out as the mission's priority strategic objective, "highlighting the over-arching importance of the agriculture sector to Mozambique's economic growth and poverty reduction goals" (USAID 2003, 1).

The mission justifies this focus on agriculture on the basis of the priority Mozambique accords agriculture and rural development in its poverty-reduction strategy, Mozambique's potential comparative advantage in agriculture, and the reality that:

> …it would be impossible to address the problems of poverty and malnutrition without addressing agricultural development and growth given that more than 80% of the population is engaged in agriculture. The fact that this huge proportion of the population accounts for approximately one-quarter of GDP demonstrates that poverty is predominately, though not exclusively, rural in nature. (USAID 2003, 8)

Like Mozambique's strategy for agriculture, the mission's strategy is strikingly market-oriented. The development hypothesis is that poverty is best reduced not just by increasing the productivity of subsistence farmers but through the combination of increased production and marketing in the agriculture sector. Thus, a pervasive theme of the agriculture strategy is the need to link farmers with markets and harness market forces to drive increased production. The near-term goals of the strategy for agriculture (intermediate results in USAID terms) are expressed as:

- Increased smallholder sales of agricultural production, with illustrative activities including:
    - Improved research and extension for Mozambique's smallholders;
    - Improving the policy and regulatory environment for private sector-led growth in agriculture;
    - Capacity building to analyze and implement progressive and gender-aware agricultural growth policies;
    - Training of smallholders in application of improved technologies and use of drought resistant crops; and
    - Initiatives to secure lucrative markets, such as through contract farming.
- *Expanded rural enterprises,* including rural trading networks, rural agro-industries, and rural finance, with illustrative activities including:
    - Development of farmers' associations and other farmer-owned marketing infrastructure such as warehouse capacity;
    - Support of business development services, including business plan and new market development, adoption of appropriate technologies, and certification and other measures
      to comply with buyer and international standards;
    - Supporting the financial sector in making financial products available at less cost; and
    - Pilot activities with creative financing tools for smallholders, such as group lending, technical assistance to borrowers, and innovative insurance tools.
- *Increased marketing due to improved transport infrastructure*, focusing on rural roads to increase physical access to markets and reduce costs, with illustrative activities including:
    - Test pilots for private sector road maintenance concessions;
    - Building capacity of local firms to maintain secondary and tertiary roads with labor intensive methods; and
    - Rehabilitating key primary and secondary roads (USAID 2003).

In keeping with the strategy's market-orientation and the reality of finite resources, its program activities will be targeted geographically and will "focus on the provinces and districts most successful in attracting private investment" (USAID 2003, 12) based on criteria such as an existing agricultural production base, existing rural enterprises, current or planned market infrastructure (especially roads), local buy-in and commitment, and relatively high poverty levels. The goal of this targeting is to demonstrate in practice the necessary conditions for growth and develop models that can be adapted and applied elsewhere.

USAID's Agricultural Development Program

USAID's agricultural development assistance for Mozambique is funded and managed primarily through the USAID Mission in Maputo out of its Development Assistance (DA) and PL 480 Title II accounts. The other major account through which the activities of the USAID Mission in Mozambique are funded is Child Survival and Health (CSH). As indicated in Table 4 and Figure 1, the Development Assistance account is the largest of the three, though it has declined in the FY2000–2004 period from a high of $37.6 million in FY2000 to $24.3 million in FY2004. PL 480 Title II funding has also declined from $23.6 million in FY2000 to $14.9 million in FY2004, with a FY2005 request of $18.8 million. In contrast, funding for the CSH account over the same period has increased from $11.95 million in FY2000 to $19.7 million in FY2004.

Within the DA account, it is important to focus on the specific sectoral allocations that are used to support agriculture's role in economic development and poverty reduction, namely agriculture, economic growth, and environment (with funding for the Initiative to End Hunger in Africa [IEHA] coming online in 2003 as a sub-component of the agriculture sector). Since FY2002, the agriculture-related sectors have comprised more than 93% of the DA account (Table 4). Funding for these sectors in Mozambique declined by about 23% from FY2000 to FY2004 (from $29.5 million to $22.8 million), even with the initiation of IEHA funding in Mozambique in FY2003.

Use of Development Assistance Funding for Agriculture

1. Recent Funding of Agricultural Development

While the mission receives its DA funding allocation from Washington in the four sub-categories shown in Table 4 and Figure 1, USAID allocates and reports its DA resources to agriculture and other sectors through the strategic objectives laid out in its strategic plan for Mozambique. The primary strategic objective applicable to agricultural development is Rapid Rural Income Growth Sustained in Target Areas (SO 656-006), which was initiated with the new strategic plan in FY2003. The predecessor strategic objective primarily focused on agriculture was Increased Rural Incomes (SO 656-001), which was initiated in FY1996. Funding for these agriculture-related initiatives has declined from $25.2 million in FY2000 to $15.9 million in FY2004 (Table 5).

The mission also has funded in the FY2000–2004 period strategic objectives related to the overall enabling environment for private-sector-led growth and development (FY2000–2003) and for exports (FY2003–2004) at levels ranging from $2.5 million to $7.1 million (Table 5). These initiatives are intended to benefit the Mozambican economy broadly but certainly will benefit agricultural producers and exporters to some extent.

Taking into account the funding of all five strategic objectives currently in effect in USAID's Mozambique Mission, approximately 44% of the funding appears to be used for purposes related to fostering agriculture's role in economic growth and poverty reduction (Figure 2).

2. Current Activities in the Primary Agriculture Strategic Objective

The activities USAID is funding in its primary agriculture strategic objective (Rapid Rural Income Growth Sustained in Target Areas) fall into three major intermediate results sub-categories (USAID 2005). The first, funded at a level of about $7 million in FY2004 (out of the $15.9 million allocated to this strategic objective) is intended to increase smallholder sales of agricultural products by increasing productivity through the training of farmers in crop diversification, improved storage of products, and sound environmental management practices. In 2004, this involved projects implemented by Save the Children Federation, Food for the Hungry International, Adventist Development

Relief Agency, CARE, World Vision International, Africare, and Michigan State University (USAID 2005).

This first sub-category of activity also includes direct budget support for ProAgri (de Voest 2005). A total of $2 million was programmed for this purpose in FY2004, which was down from the $5 million in direct support that the Mozambique Mission had provided to MINAG and ProAgri annually from 2000 through 2003.

The second sub-category of activity under the Rapid Rural Income Growth Sustained in Target Areas strategic objective is intended to expand rural enterprises through partnerships with private traders, financial institutions, and processors of agricultural commodities. This activity, which was funded in FY2004 at the level of $4.5 million, involves working with selected rural enterprises, such as cashew processors, to provide technical and business skills training and financial support to support value-added enterprises and the creation of trading networks and other vehicles for linking agricultural producers to markets (USAID 2005). Principal implementers were ACDI/VOCA, TechnoServe, and CLUSA.

The third sub-category of activity under Rapid Rural Income Growth Sustained in Target Areas involves improving transport infrastructure, for which $4.4 million was allocated in FY2004 (USAID 2005). This money was used to improve local capacity to construct and maintain roads by providing technical and management training to local firms.

3. Current Activities in the Broader Growth and Export Strategic Objectives

The Labor-Intensive Exports Increased strategic objective is a continuation of efforts begun by the mission in 1996 to improve the enabling environment for private sector-led growth and development. The current program, funded in FY2004 at a level of $7.1 million, devotes about half of its resources to working with government and industry to improve trade policy and the legal framework for trade, promote public–private partnerships, and reduce the red tape that can impede access to export markets (USAID 2005). This involves working with contractors, primarily Nathan and Associates, Booz-Allen & Hamilton, the Confederation of Mozambican Business Associations, and the

Mozambican Ministry of Industry and Commerce. While not targeted to agriculture, this activity will likely benefit agro-industrial exporters.

The other half of the resources for the Labor-Intensive Exports Increased strategic objective is used to work with specific labor-intensive enterprises to help them enter and succeed in domestic and international markets (USAID 2005). This work is aimed at the manufacturing sector and is relevant to agriculture only to the extent that agribusiness enterprises are selected. The primary contractor is TechnoServe.

Use of PL 480 Title II Food Aid Resources for Agricultural Development

A significant portion of the overall U.S. investment in agricultural development in Mozambique is financed through development (non-emergency) food aid from USAID and USDA, which is channeled through private voluntary organizations (PVOs) working in the country. These organizations use the proceeds from the sale (monetization) of the commodities to carry out their projects involving agriculture, health, education, and other needs. Determining the dollar amount of the food aid resource that is applied to agriculture requires considering both USAID and USDA non-emergency food aid flows through USAID's Title II program (Food for Peace) and USDA's 416(b) and Food for Progress programs, related cash assistance to the PVOs through section 202(e) of PL 480, and estimates of the percentage of each PVO's program that is devoted to agricultural development.[7]

The USAID-managed Title II food aid is discussed in this section. The USDA food aid program is discussed in the next section.

1. Funding

During the period FY2000–FY2004, the value of USAID's Title II non-emergency food aid shipments to Mozambique averaged $17.6 million annually, including freight costs from the United States (Table 6). Excluding freight costs, the value of the commodities themselves averaged $11.7 million. Total payments under section 202(e) to all food aid

[7] The development food aid reported here does not include USAID or USDA food aid contributions to the U.N.'s World Food Programme, which are used predominately for emergency feeding, or the USDA contributions for the Food for Education program.

PVOs working in Mozambique averaged $1.07 million per year. As many as six cooperating sponsors (CSs) have been managing Title II food aid programs in Mozambique over the period 2000–2004. All have been involved in agricultural development to some extent but with the level of activity varying from year to year and ranging from 49% to 100% of their programs in Mozambique (Bogart 2004). Based on USAID's reported estimates, the share of overall Title II non-emergency food aid used for agriculture in Mozambique from FY2000 through FY2004 averaged 76%.

Thus, if freight costs are included, Title II food aid-financed agricultural assistance for Mozambique from FY2000 through FY2004, including 202(e) payments, averaged $14.3 million annually, with the levels ranging from $10.7 million in FY2003 to $19.8 million in FY2001 (Table 6). The trend, however, is downward, with the FY2004 level of $13.7 million being 13% lower than the FY2000 level. If freight costs are excluded, U.S. agricultural assistance in Mozambique financed by Title II food aid averaged $9.8 million annually.

2. Title II-Funded Activities

The principal PVOs managing food aid-financed projects in Mozambique are World Vision, CARE, Africare, Family Health International, Save the Children, and the Adventist Development and Relief Agency International (ADRA) (Bogart 2004). World Vision has by far the largest Title II program in Mozambique, accounting for about 60% of total Title II resources in FY2004 (or $8.4 million including freight), and its program is illustrative of the trend in use of Title II funds (Bogart 2004).

Like USAID-managed food aid programs in general, the World Vision program is focused on the goal of food security as called for by USAID's 1995 food aid policy statement (USAID/FFP 1995). It is also responsive to the market-oriented approach to agricultural development embodied in Mozambique's PRSP and the USAID Mission's agriculture-related strategic objective. It thus seeks to improve food security primarily by pursuing the same combination of increased crop production and better linkages of farmers to markets being pursued in the mission's DA-funded projects. The Food for Peace program estimates that in FY2004, 80% of the food aid resource provided to World

Vision was used for agricultural purposes and 20% for health and nutrition (World Vision 2001).

The World Vision program operates in 14 districts in two provinces. Planned agriculture-related activities, as outlined in its Development Activity Program (DAP) Proposal, include: 1) providing extension services to boost production of both food crops (such as cassava) and cash crops (such as cashews); 2) working to improve soil fertility and natural resource management in general; 3) improving MINAG's extension program and its linkages to research; 4) supporting farmer associations and training to increase business skills and marketing opportunities for local farmers; and 5) improving market access by rehabilitating roads and building the capacity of local contractors to carry out labor-intensive road construction and rehabilitation projects (World Vision 2001).

The World Vision program's health and nutrition activities address food security by focusing on nutrition education to reduce malnutrition among children under five and on HIV/AIDS awareness to reduce the prevalence of the disease and its impact on productivity in the agricultural sector (World Vision 2001).

CARE's FY1997–2001 Title II program in Mozambique includes an agricultural module and a health module (CARE 1996). The agriculture component, "Viable Initiatives in the Development of Agriculture," consists of a Sustainable Agriculture Component (SAC) and a Sustainable Oil Enterprises Component (SOEC). The goal of the SAC is to "increase overall rural small-holder agricultural production, productivity, and marketing" in five districts through activities such as training agricultural extension agents, improving access to and storage of seeds, and promoting small-scale marketing of agricultural products (CARE 1996, 2). The SOEC involves oilseed press and production activities in Nampula Province.

Africare's FY2002–2006 Title II program, the "Manica Expanded Food Security Initiative," focuses on two sub-objectives: 1) increasing food production and marketing services; and 2) improving household nutrition practices and associated health services including attention to HIV/AIDS in Manica Province (Africare 2001, 5). Key activities under the first sub-objective include increased access to extension services and information on agricultural best practices as well as facilitation of marketing and augmented agricultural production through improved access to agricultural inputs. Some of this increased agricultural production is intended to contribute to better nutrition for women and children, a main activity under the second sub-objective (Africare 2001).

Unlike the other Title II programs in Mozambique, the FY1997–FY2001 Save the Children and ADRA Title II DAPs emphasized rural infrastructure rehabilitation among other objectives (SCF n.d.; ADRA 1996); however, infrastructure development is not an explicit objective or intermediate result of the 2001–2005 Save the Children DAP (SCM 2003). Under the current Save the Children program, food consumption and household farming systems are to be improved through sustainable technologies and nutrition practices such as disease resistant/tolerant crops, expanded market linkages, and improved storage and processing of agricultural products (SCM 2003).

The final evaluation of ADRA's FY1997–2001 Title II program reports increased incomes among participating farmers in Maganja da Costa, Zambezi Province, resulting from increased agricultural production (ADRA 2001). In addition to road infrastructure rehabilitation, the ADRA program sought to foster increased agricultural production through nurseries, outplanting, training, on-farm demonstrations, research, market-enhancement, commercialization, and producer association activities related to cashew, fruit tree, and vegetable cultivation (ADRA 2002).

USDA's Agricultural Development Activities in Mozambique

Non-Food Aid Activities

Beyond food aid, USDA has no appropriation specifically for agricultural development assistance in Africa but USDA employees provide technical assistance and manage programs that are funded by USAID through the International Cooperation and Development (ICD) Program in USDA's Foreign Agricultural Service. Ten USDA agricultural advisors are on reimbursable details at USAID working on the Presidential Initiative to End Hunger in Africa.

In addition, USDA funds occasional projects that relate to agricultural development in specific African countries through ICD's Food Industry Division and Scientific Cooperation Research Program amounting to about $1 million annually across the continent (Brown 2005). Projects of this kind that have some connection with

Mozambique include the Cochran Fellowship Program, which in FY2003 gave 15 Mozambican scientists two to six weeks of agricultural training in the United States and collaboration with USAID to foster agricultural trade in Mozambique and other East and Southern African countries by improving transportation management, developing common agricultural standards, and enhancing public–private collaboration.

Food Aid for Agricultural Development Purposes

In resource terms, USDA's largest contribution to agricultural development in Africa comes through its management of food aid programs, including the Food for Progress and the 416(b) program.

1. Funding

USDA's 416(b) expenditures and Food for Progress shipments of development food aid are generally on a smaller scale than the values associated with USAID's Title II Food for Peace Program. In Mozambique from FY2000 to FY2004, 416(b) and Food for Progress combined averaged about $5 million per year, including estimated freight costs, ranging from zero in FY2002 to $9.1 million in FY2003. The FY2004 value was $4.6 million including freight (Table 6).

It is important to note that in contrast to USAID, USDA's tables reporting the values of its Food for Progress and 416(b) commodity allocations do not include the cost of freight. Freight costs normally comprise about one-third of the total value of a food aid shipment. Thus, as reflected in Table 6, the estimated freight-inclusive value of the USDA food aid allocations is about 50% greater than the values reported in the USDA food aid tables. Excluding freight, the value of USDA shipments of 416(b) and Food for Progress food aid averaged $3.3 million annually over the five-year period.

As a general rule, Food for Progress resources are used for agriculture-related projects, while 416 (b) resources are used for a range of purposes, including agriculture, education, HIV/AIDS, and other health purposes (Rubas 2005). USDA does not provide project-by-project estimates of the percentage of food aid resources that is devoted to agriculture or other purposes. The working assumption for the purpose of this report is that 100% of Food for Progress resources and 50% of 416(b) resources are used for agricultural purposes.

On this basis, the USDA-managed food aid resources made available in Mozambique for agricultural development purposes in the FY2001–2004 period averaged $4.8 million per year with freight costs included and $3.2 million without freight costs included (Table 6).

2. Activities

The predominant agricultural use of USDA-managed food aid in Mozambique during FY2000–FY2004 was to support rural credit programs (Rubas 2005). In addition, smaller amounts of assistance were provided to support HIV/AIDS education and the training of primary school teachers.

Other United States Agencies

African Development Foundation

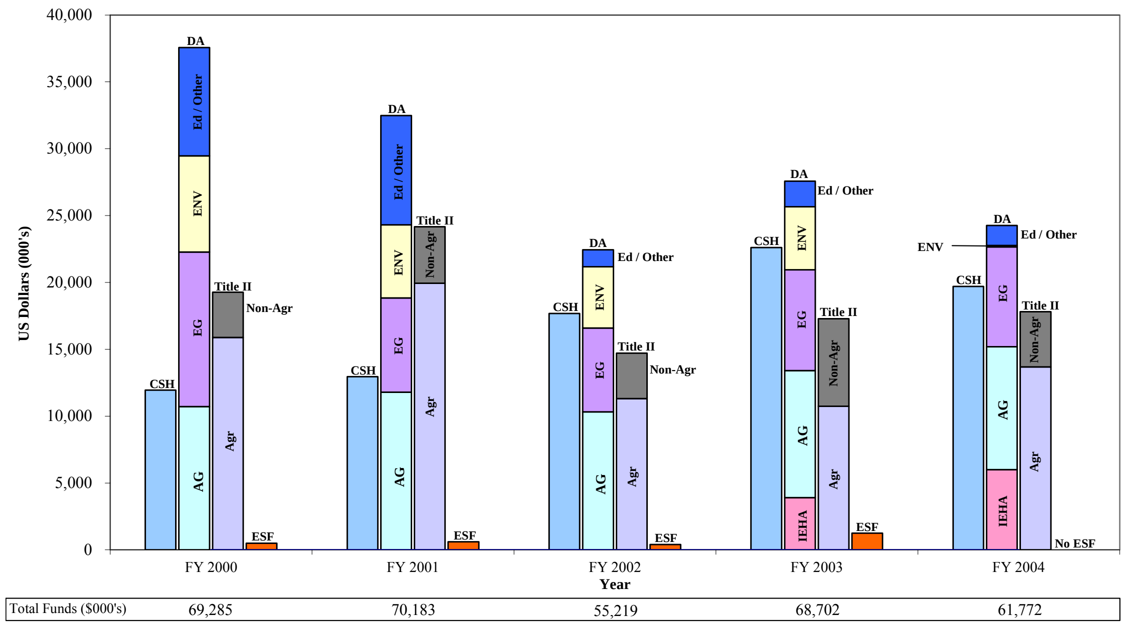
No ADF projects were reported in Mozambique for agricultural development or other purposes in the FY2002–FY2003 ADF annual report, which is the most current source of readily available information on ADF activities (ADF 2003).

Trade and Development Agency

No Trade and Development Agency projects are reported in Mozambique during the FY2000–FY2004 period (OECD n.d.; USTDA 2004).

Trends in Bilateral U.S. Agricultural Development Assistance in Mozambique

The great majority of U.S. agricultural development assistance for Mozambique is funded through the USAID Development Assistance account or through the USAID and USDA food aid programs (Table 7). Total funding through these vehicles has fluctuated over the five-year period of FY2000–FY2004 within the range $49.5 million and $30.9 million, with the changes year-to-year being affected by variations in both DA and food aid funding levels. Overall, the level of bilateral U.S. assistance for agricultural development in Mozambique is substantially lower in FY2004 than it was in FY2000.



Notes: CSH=Child Survival and Health, AG=Agriculture, EG=Economic Growth, ENV=Environment, Ed=Education, DA=Development Assistance, Agr=Agriculture, Non-Agr=Non-agriculture, ESF=Economic Support Fund, IEHA=Initiative to End Hunger in Africa

Figure 1. USAID Non-Emergency Assistance to Mozambique, FY2000–FY2004: Allocation of Appropriated Program Funds by Account and Sector

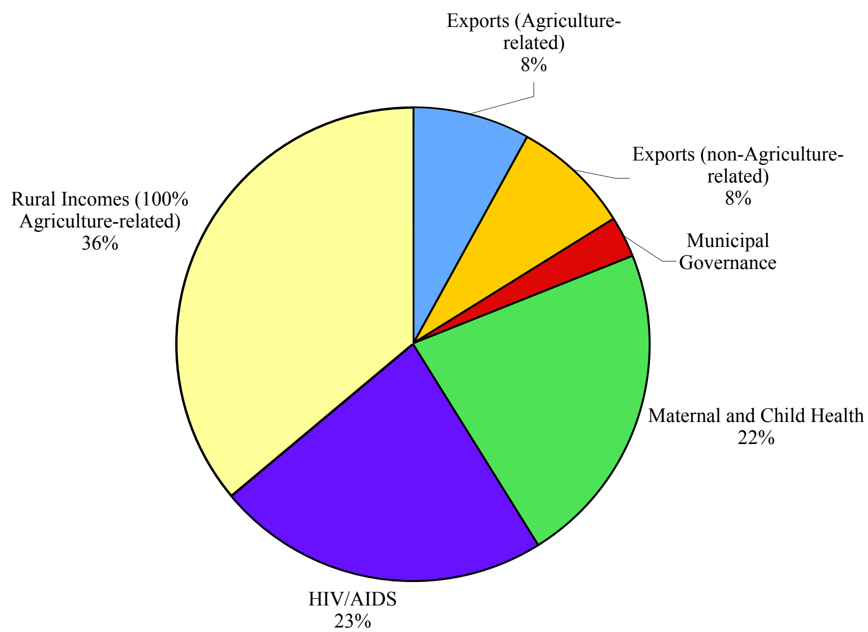


Figure 2. USAID Mozambique Strategic Objective Funding Distribution, FY2004

Table 1. Aid at a Glance: Mozambique

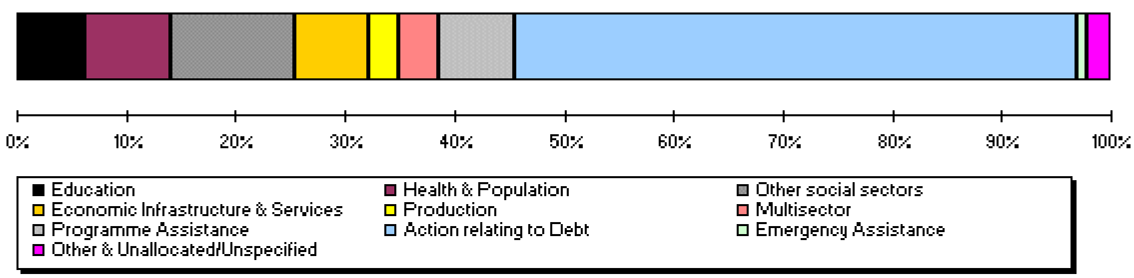
Mozambique

Receipts	2001	2002	2003
Net ODA (USD million)	933	2 054	1 033
Bilateral share (gross ODA)	75%	81%	66%
Net ODA / GNI	29.8%	60.3%	25.2%
Net Private flows (USD million)	115	70	- 60

For reference	2001	2002	2003
Population (million)	18.1	18.4	18.8
GNI per capita (Atlas USD)	200	200	210

	Top Ten Donors of gross ODA (2002-03 average)	(USD m)
1	France	240
2	Italy	231
3	IDA	159
4	United States	148
5	Germany	134
6	EC	115
7	Denmark	60
8	United Kingdom	56
9	AfDF	54
10	Japan	53

Bilateral ODA by Sector (2002-03)



Sources: OECD, World Bank.

Source: Aid Statistics, Recipient Aid Charts, Ghana, OECD Development Co-operation Directorate (OECD/DAC n.d.).

Table 2. OECD Agriculture-related Assistance to Mozambique[a] as Reported to the OECD/CRS from all OECD Countries Combined, 2000–2003[b] (with U.S. contributions in parentheses)

Year	*Sector ($, thousands)*							
	Core Agriculture[c]	*Forestry & Fisheries*[d]	*Rural Development*[e]	*Road Transport*[f]	*Trade Policy & Facilitation*[g]	*Development Food Aid*[h]	*All Other Aid*	*Total*
2000	28,675 (10,715)	2,022	1,035	47,464	2,962	27,285 (20,017)	900,328 (56,343)	1,009,770 (87,075)
2001	41,356 (11,798)	8,708 (757)	10,222	6,495	264 (250)	38,965 (32,311)	596,503 (37,642)	702,512 (82,758)
2002	31,924 (1,872)	7,055	24,931 (16,656)	12,599	30	23,288 (14,880)	1,613,444 (85,825)	1,713,270 (119,233)
2003	13,238	2,725	16,324 (7,146)	15,055	1	34,301 (28,421)	515,766 (54,760)	597,410 (90,327)
Total	115,193 (24,385)	20,510 (757)	52,512 (23,802)	81,613	3,257 (250)	123,838 (95,629)	3,626,041 (234,570)	4,022,963 (379,393)

Notes:

[a]Recipients included in our definition of sub-Saharan Africa (SSA) include individual SSA countries, "South of Sahara Unallocated," and "Africa Unspecified."
[b]All years (2000–2003) refer to calendar years.
[c]Core Agriculture includes all purpose codes beginning with 311 (Agriculture) and purpose codes 32165 (Fertilizer Plants), 32267 (Fertilizer Minerals), 23070 (Biomass), and 32161 (Agro-Industries).
[d]Forestry & Fisheries includes all purpose codes beginning with 312 (Forestry) and 313 (Fisheries) along with purpose code 32162 (Forest Industries).
[e]Rural Development includes purpose code 43040 (Rural Development).
[6]Road Transport includes purpose code 21020 (Road Transport).
[f]Trade Policy & Facilitation includes all purpose codes beginning with 331 (Trade).
[g]Development Food Aid includes purpose codes 52000 (Development Food Aid/Food Security Assistance) and 52010 (Food Security Programmes/Food Aid).

Source: OECD CRS Online Database on Aid Activities (OECD n.d.).

Table 3. World Bank Active Agriculture-related Projects in Mozambique

Project Name	*Funding ($, millions)*		*Project Description*
	Agriculture-related	*Total*	
Coastal and Marine Biodiversity Management Project	1.3*	4.1*	Strategic planning process to test and refine coastal zone sustainable economic development; best practices for biodiversity-friendly economic development.
Coastal and Marine Biodiversity Management Project	0.1	5.6	See description above.
Agricultural Sector Public Expenditure Program	30.0	30.0	Institutional and agriculture information system development, improved agricultural support services, natural resource management and livestock production capacity building, and regulatory reform.
Total	31.4	39.7	

Notes: Unless otherwise noted, World Bank funding for the projects listed above is in the form of International Development Association loans. Projects noted with a * indicate World Bank funding in the form of grants. Agriculture-related funding amounts were calculated by multiplying the total World Bank funding amounts by the percentage of the project related to agriculture as listed by the World Bank.

Source: World Bank Mozambique: Active Projects (World Bank 2005).

Table 4. USAID Appropriation of Program Funds for Mozambique, FY2000-FY2004

Account	*Appropriation ($, thousands)*					
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*	*FY2005 Requested*
Development Assistance Total	37,569	31,469	22,438	27,567	24,261	18,319
Agriculture	10,715	11,798	10,317	9,500	9,181	
Economic Growth	11,552	7,042	6,269	7,534	7,481	
Environment	7,200	5,467	4,591	4,733	100	
IEHA	0	0	0	3,900	6,000	
Child Survival & Health	11,950	12,953	17,677	22,601	19,700	19,730
Economic Support Fund	500	600	400	1,250	0	0
Total PL 480 Title II Non-Emergency	19,266	24,161	14,704	17,284	17,811	
Non-Emergency Agricultural Use	15,883	19,933	11,309	10,736	13,674	
Non-Emergency Non-Agricultural Use	3,383	4,228	3,394	6,548	4,137	
TOTAL NON-EMERGENCY PROGRAM FUNDS	69,285	69,183	55,219	68,702	61,772	38,049
Total PL 480 Title II (Emergency + Development)	23,627	22,996	17,901	16,166	14,855	18,801
TOTAL PROGRAM FUNDS	73,646	68,018	58,416	67,584	58,816	56,850

Notes: IEHA=Initiative to End Hunger in Africa.

Source: USAID Congressional Budget Justifications (USAID various years) and personal communication with Fenton B. Sands, Chief, Economic Growth, Environment & Agriculture Division, Office of Sustainable Development, Bureau for Africa, USAID (Sands 2005).

Table 5. USAID Agriculture-related Strategic Objectives and Funding Levels, Mozambique, FY2000–FY2004

Title	*Former Title*	*% related to Agriculture*	*Funding ($, thousands)*					
			FY2000	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Total, FY2000–FY2004*
656-001 Increased Rural Incomes	656-001 Increased rural income in focus area	100	25,177	18,840	17,910	6,329	0	68,256
656-004 Enabling Environment for Growth	656-004 Improved enabling environment for private sector-led growth and development	50 (33-67)	2,210 (1,459-2,961)	2,734 (1,804-3,663)	1,634 (1,078-2,189)	140 (92-187)	0	6,718 (4,433-9,000)
656-006 Rural Incomes		100	0	0	0	17,571	15,900	33,471
656-007 Exports		50 (33-67)	0 (0)	0 (0)	0 (0)	1,119 (739-1,499)	3,550 (2,343-4,757)	4,669 (3,082-6,256)
Total			27,387 (26,636-28,138)	21,574 (20,644-22,503)	19,544 (18,988-20,099)	25,159 (24,731-25,586)	19,450 (18,243-20,657)	113,114 (109,242-116,983)

Source: Authors' calculations, with data from USAID Congressional Budget Justifications-Ghana (USAID various years).

Table 6. U.S. Non-Emergency Food Aid Estimated Value Applied for Agricultural Development Purposes, Mozambique, FY2000–FY2004

	Funding ($, thousands)						
Allocation	*FY2000*	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Average*	*Increase, FY2000–FY2004 (%)*
USAID							
Title II Value With Freight	17,933	22,868	13,263	15,991	17,809	17,573	-1%
Title II Value w/o Freight*	11,961	15,253	8,846	10,666	11,879	11,721	-1%
202(e) Payment	1,333	1,293	1,441	1,285	0	1,070	--------
USAID Total With Freight	19,266	24,161	14,704	17,276	17,809	18,643	-8%
USAID Total w/o Freight	13,294	16,546	10,287	11,951	11,879	12,791	-11%
% Used for Agriculture**	82%	82%	77%	62%	77%	76%	-6%
Total USAID Agriculture Value With Freight	15,798	19,812	11,322	10,711	13,713	14,271	-13%
Total USAID Agriculture Value w/o Freight	10,901	13,568	7,921	7,410	9,147	9,789	-16%
USDA							
416(b) Value* With Freight	0	0	0	1,340	794	427	--------
416(b) Value w/o Freight	0	0	0	893	529	284	--------
Food for Progress Value w/ Freight*	6,300	4,841	0	7,782	3,819	4,548	-39%
Food for Progress Value w/o Freight	4,200	3,227	0	5,188	2,546	3,032	-39%
Total USDA Agriculture Value With Freight	6,300	4,841	0	8,452	4,216	4,762	-33%
Total USDA Agriculture Value w/o Freight	4,200	3,227	0	5,635	2,811	3,175	-33%
TOTAL U.S. Agr. Value With Freight	22,098	24,653	11,322	19,163	17,929	19,033	-19%
TOTAL U.S. Agr. Value w/o Freight	*15,101*	*16,795*	*7,921*	*13,045*	*11,958*	*12,964*	*-21%*

Notes: * Calculated based on the assumption that freight costs consume one-third of the total value.
** Calculated based on estimates in USAID annual reports on non-emergency food aid of the percentages of each cooperating sponsor program in Mozambique that is devoted to agricultural development.

Source: USAID Office of Food for Peace Annual Reports, FY2000–FY2004 (USAID/FFP various years) and the USDA/Foreign Agricultural Service web site (USDA/FAS n.d.).

Table 7. Bilateral U.S. Assistance for Mozambican Agriculture, Major Elements, FY2000– FY2004

Program	*Funding ($, thousands)*				
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*
USAID/Development Assistance Agriculture-Related Strategic Objective	27,387	21,574	19,544	25,159	19,450
USAID/Food Aid PL480 Title II*	15,798	19,812	11,322	10,711	13,713
USDA/Food Aid Food for Progress	6,300	4,841	0	8,452	4,216
Total	49,485	46,227	30,866	44,322	37,379

Notes: * Includes 202(e) payments. All food aid values include freight costs.

Source: Extracted from Tables 5 and 6.

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Appendix 4-D U.S. Agricultural Development Assistance in Uganda

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Overview of the Economy, Agriculture, and Food Security in Uganda[2]

Britain granted Uganda self-rule in 1961 and formal independence was established in 1962 under the leadership of Milton Obote. In 1971, after having suspended the constitution, Prime Minister Obote was removed from power in a military coup led by Idi Amin Dada. Amin appointed himself president, granted himself absolute power, and led an eight-year "reign of terror" that resulted in 100,000 Ugandans murdered and the country's economic and social structures in shambles. Amin was forced to flee Uganda in 1979 after his troops were repelled from Tanzania and the Tanzanian army and Ugandan exiles took control of the capital, Kampala.

Human rights abuses continued under President Obote, who returned to power in 1980 after the short-lived presidencies of Yusuf Lule and Godfrey Binaisa. Obote was ousted from power a second time in 1985, with coup leader General Tito Okello assuming the presidency. Okello's government opened negotiations with Yoweri Museveni's National Resistance Army (NRA), which had been leading an insurgency since 1980. Diplomacy, however, proved unsuccessful and the NRA ultimately captured Kampala, forcing Obote to flee, and installed Museveni as president in 1986. Museveni

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[2] Information in this section is drawn from the U.S. Department of State's "Background Note: Uganda" unless otherwise noted (U.S. Department of State 2004).

was reelected in 2001 for a five-year term; constitutional changes are being considered that would eliminate term limits and allow Museveni to run again in 2006.

Under Museveni, human rights abuses have all but ceased, and Uganda has adopted economic reforms and liberalization in partnership with the International Monetary Fund and the World Bank. The country has experienced strong economic growth in recent years, but previous years of low economic growth and civil strife contributed to a poverty rate of 56% in 1992, which declined to 44% in 1997 and 34% in 2000 but rose to 38% in 2003 (MFPED 2000). Per capita gross domestic product (GDP) for Uganda's population of 26.4 million was $227 in 2003, and 82.2% of the population lived on less than $1 a day at some point during the period 1990–2001 (UNDP 2003). Income poverty disproportionately affects food crop farmers, who accounted for 62.2% of those living in poverty in 1996 even though they made up just 44.2% of the population (Uganda 2000a).

Uganda ranks among the low human development countries in the United Nations' Human Development Report, with an infant mortality rate of 86/1,000 in 2001 and a life expectancy of 44.7 years (UNDP 2003). The AIDS prevalence rate of 6.2% in 2002 (Uganda AIDS Commission n.d.), though lower than some other African countries due to a strong prevention effort, contributes to the short life expectancy. School attendance rates (89%) and literacy (70%) rates are high relative to other sub-Saharan African countries.

In economic terms, the reforms under Museveni have produced some positive changes. Investment as a percentage of GDP is up from 13.7% in 1999 to 20.3% in 2003. Inflation has been brought under control to 5.1% after running as high as 240% in 1987. Uganda's abundant fertile land and natural resource endowment also offer the promise of economic growth and development.

Ugandan exports in 2003 totaled $628 million, with the vast majority of export revenues coming from coffee, tea, fish, vanilla, and horticultural products; electricity made up the remainder of the export revenue. Other cash crops cultivated in Uganda include cotton, tobacco, sugar cane, and cut flowers. Expansion of the cash crop sector has been constrained by lack of technology and poor market access and infrastructure (Uganda 2000a). The major food crops are bananas, corn, cassava, potatoes, millet, and pulses. Livestock and fisheries also are important to the Ugandan economy and the food security situation, with beef, goat meat, milk, Nile perch, and tilapia among the major products. Industry in Uganda is predominately agriculture-related: 44.2% of households work in the food crop sector (1996) and 26.7% of households engage in non-food cash crop farming; manufacturing (3.7%), trade (6.9%), and government services (5.5%) employ the remainder of the workforce (Uganda 2000a).

Hunger persists in Uganda despite its vast agricultural potential. The Food and Agriculture Organization of the United Nations (FAO) estimates that in the years 2000–2002, 19% of Ugandans were undernourished, meaning that their basic food energy needs were not being met (FAO 2004).[3] Although this is the lowest food insecurity rate among East African countries and down from 26% in the period 1995-1997, there is room for improvement. Elsewhere in Africa, Gabon and Mauritius have achieved undernourishment rates of just 6%.

Uganda's Governance Structure for Agricultural Development[4]

Uganda's governance structure for agricultural development is shared among several agencies, including Parliament, the Cabinet, and government ministries and agencies, and follows elaborate processes guided by national laws and strategies. The Poverty Eradication Action Plan (PEAP or Uganda's PRSP) defines the overall development objectives and priorities for the medium term (MFPED 2000). The PEAP is revised regularly through a broad-based consultative process led by the Ministry of Finance, Planning, and Economic Development (MFPED). Financing for the agricultural sector is defined under the Medium Term Expenditure Framework (MTEF), which provides a three-year expenditure plan from which annual budgets are defined (MFPED 2000).

[3] The term "undernourishment" refers only to the failure to meet dietary energy needs and not to the problem of malnutrition, which includes the failure to consume the micronutrients, protein, and other dietary components needed for good health. Nevertheless, FAO uses undernourishment interchangeably with "food insecurity," which FAO defines as the condition in which people in a society lack physical and economic access to the safe and nutritious food they need to thrive (FAO 2004).
[4] Unless otherwise noted, information in this section is drawn from a personal communication with Peter Ngategize, Coordinator, MTCS Secretariat, Ministry of Finance, Planning and Economic Development, Uganda (Ngategize 2005b).

The annual budget process is guided by the Budget Act 2001, which provides for the sequencing of the consultative processes. These processes begin with national workshops attended by stakeholders, including the private sector and development partners. Following the workshops, sector budget framework papers are developed and a National Budget Framework Paper (BFP) is drafted. The BFP is discussed by the Cabinet and then submitted to Parliament for review. By the time the budget is read in Parliament by the minister of finance (normally in mid-June), inputs from key stakeholders have been incorporated into the budget. After the reading of the budget, Parliament will have the opportunity to formally approve the budget through parliamentary procedures.

Following a period of declining investment in the agricultural sector caused in part by the sector's poor performance, the Ugandan government initiated a sector review and strategy development process with the participation of key stakeholders that resulted in the formulation of the Plan for Modernisation of Agriculture (PMA) (Uganda 2000). The PMA provides a framework for the revitalization of the agricultural sector. It recognizes the need for a multi-sectoral approach to agricultural modernization, defines stakeholder roles, and identifies priority areas for action.

Roles of Key Ministries and Agencies

The Ministry of Finance, Planning and Economic Development

The MFPED has the mandate of promoting economic development and ensuring macro-economic stability, mobilization, and allocation of budgetary resources guided by the PEAP.

The Ministry of Agriculture, Animal Industry, and Fisheries

The mandate of the Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF)is to support, promote, and guide the production of crops, livestock, and fisheries to ensure improved quality and quantity of agricultural produce and products for domestic consumption, food security, and export. The ministry, among others, formulates and implements agricultural policies, laws, and regulations and provides technical guidance and coordinates and monitors the implementation of agricultural development programs.

The Ministry of Tourism, Trade, and Industry

The Ministry of Tourism, Trade, and Industry's mandate covers aspects of tourism and trade (including trade negotiations and industrial development). It is a critical ministry in Uganda's economic development because of the importance of exports and tourism in Uganda's development strategy.

The Ministry of Water, Lands, and Environment

The mandate of the Ministry of Water, Lands, and Environment is to promote and ensure the rational and sustainable utilization, development, and effective management of Uganda's natural resource base. It provides policy and technical guidance in the implementation of related programs and projects.

Involvement of Donor Governments and International Agencies

Development partners are critical to Uganda's agricultural development as they contribute up to 75% of the funding for agricultural programs, including agricultural extension and research, and provide technical support in program design and implementation. Where funding to government programs is through the budget, their involvement is of a general nature involving design and review of development strategies and the budget process. In the design and implementation of specific projects, donors and international organizations play bigger roles to varying levels, and at times projects may be implemented with limited levels of transparency and participation of the local institutions. This has implications for the level of ownership and leadership and, consequently, the effectiveness of such support. To enhance local leadership and ownership, the government encourages development partners to provide support through the budget process, and several development partners have signed partnerships principles to support this policy direction.

Participation of the Private sector (Including Civil Society Organizations)

The private sector is playing an increasing role in priority setting, design, and implementation and monitoring of agricultural development programs. Private-sector umbrella organizations such as the Uganda National Farmers Federation and the Private Sector Foundation Uganda often participate in priority-setting planning fora and project implementation and monitoring committees. The private sector increasingly is playing a key role in providing leadership at project steering committee levels or as chairs of the board of directors of various public institutions and agencies. Similarly, private-sector entities, such as civil society organizations, are getting requests from government agencies for oral or written views as inputs into program designs and reviews.

At the sector and commodity levels (e.g., fish, flowers, etc), clusters are gradually forming and playing important roles in self-governance, product quality improvement, enforcement of regulations, and policy advocacy.

The Role of Agriculture in Uganda’s Development Strategy

Uganda’s development strategy is described in its 1997 PEAP (MFPED 2000), which was revised in 2004 (MFPED 2004). The revised PEAP is built on five pillars:

- Economic management;
- Enhancing production, competitiveness, and incomes;
- Security, conflict resolution, and disaster management;
- Good governance; and
- Human development (MFPED 2004).

Structural adjustment, including price liberalization, agricultural modernization, and the expansion of smallholder agriculture, are described as preconditions for economic growth and the realization of the five pillars of the PEAP. Price liberalization, particularly for coffee, has already had a dramatic effect on poverty reduction and was largely responsible for the 12% decrease in poverty during the period 1992–1997 (MFPED 2000). One goal of the PEAP is to reduce poverty to 10% of the population by 2017.

Economic growth is to be stimulated by macroeconomic incentives (i.e., economic openness to generate increasing incomes from agricultural modernization), equitable and efficient collection and use of public resources (including reallocation of expenditures to poverty-reducing services such as agricultural extension), and private sector competitiveness (namely infrastructure development and contract reform) (MFPED 2000). The economic growth goal set by the PEAP is 7% annual growth in the GDP (MFPED 2000).

Although the PEAP provides a framework for sectoral activities, each sector, including the agricultural sector, articulates its own plan. The major strategy document for the agricultural sector is the PMA (Uganda 2000). Because more than 70% of households are engaged in this sector, the PEAP describes the PMA as playing a central role in poverty eradication (MFPED 2000). Indeed, the vision put forth in the PMA is "poverty eradication through a profitable, competitive, sustainable and dynamic agricultural and agro-industrial sector" (Uganda 2000, 27), and the plan's mission is "eradicating poverty by transforming subsistence agriculture to commercial agriculture" (Uganda 2000, vi).

The specific objectives of the PMA are: 1) to increase incomes and improve the quality of life of poor subsistence farmers; 2) to improve household food security; 3) to provide gainful employment; and 4) to promote sustainable use and management of natural resources (Uganda 2000, 28). The PMA details core areas for public action in agriculture, or pillars, designed to achieve these objectives and targeted mainly at subsistence farmers. They include:

- Research and technology;
- Agricultural advisory services;
- Agricultural education;
- Rural finance;
- Agro-processing and marketing;
- Sustainable natural resource utilization and management; and
- Physical infrastructure (Uganda 2000).

The strategies for achieving the PMA's objectives and enhancing the PMA pillars include: 1) decentralizing government and promoting the role of the private sector; 2) increasing the availability and utilization of productivity-enhancing technologies; 3) improving existing markets and creating new market opportunities; 4) fostering partnerships among government, the private sector, and civil society; and 5) harmonizing multi-sectoral interventions. These strategies envision the transformation of Ugandan subsistence farmers and of the agricultural sector in general into more commercial, competitive enterprises (Uganda 2000).

Within the agricultural sector, the private sector (including subsistence farmers) plays an important role in the government of Uganda's agricultural and overall development strategies. In fact, the PMA describes the private sector as "the main engine of growth" (Uganda 2000, viii). From agricultural extension, credit, and irrigation infrastructure to agricultural production, marketing, and processing and wherever else possible, government control is to be transferred gradually to the private sector.

Nonetheless, government will continue to lead the way in creating and maintaining the policy framework and conditions conducive to the shift from subsistence to commercial agriculture. Included in that policy framework are structural reforms such as market liberalization and the dismantling of other barriers to trade (e.g., tariffs and taxes on agricultural exports). The government also will spearhead efforts to bolster rural road networks and support the privatization of rural electrification through "smart subsidies" (Uganda 2000, xii). In addition to creating conducive policy and investment climates, the government is committed to a medium-term focus on capacity building, particularly in the areas of irrigation and water harvesting, micro-finance and risk management, production, marketing and agro-processing infrastructure, and agricultural education.

Another focus of the PMA is agricultural research and technology. Production-enhancing technologies will help farmers increase production, which can be marketed to generate greater income. Agricultural technology also has the potential to keep food prices low, enabling the poor to get more for their money and also increasing the competitiveness of Ugandan products in regional and world markets. According to the PMA, the agricultural growth resulting from increased agricultural productivity will "drive growth in other parts of rural areas" (Uganda 2000, vii).

Overview of Public Investment in Ugandan Agriculture

While the focus of this study is U.S. agricultural development assistance to Uganda, the U.S. program is best understood in the context of overall public investment in Ugandan agriculture, which is summarized in this section.

As used here, the term "public investment" refers to expenditures by the government of Uganda or by external donor governments and multilateral institutions. Public investment in agriculture includes expenditures that have as a primary purpose improving the capacity of agriculture to contribute to economic growth and a reduction in poverty and hunger. It thus includes expenditures for the core agricultural purpose of increasing productivity through improved access to technology, extension, and other services farmers need to produce, as well as the broader purpose of linking farmers to markets so they can earn income from increased production.

In many cases, such as spending on rural roads or trade policy, public investments have multiple purposes and it may not be possible to identify a primary purpose. Thus, the broader view of public investment in agriculture taken here makes it impossible to produce a single figure that can be said with confidence to represent total public investment in agriculture in any country. The only remedy is to describe relevant spending in ways that are as clear, transparent, and comparable country-to-country as available information permits.

The Ugandan government's investment in agricultural development occurs in the context of its overall investment plans for implementation of the PEAP that are developed by the MFPED. These plans are outlined in the MTEF 2001/02 to 2004/05 (MFPED 2000). Total approved spending under the MTEF for agriculture and rural development was about \$119 million in 2000–2001, or about 9.9% of total government investment to eradicate poverty (MFPED 2000). Of this amount, about \$53 million (or 4.46% of total government spending) went to the MAAIF, with the rest going for rural roads and water programs, local government capacity building (other than for health and education), land and environment, trade and industry, and other grants (MFPED 2000). In 2003–2004, the total approved spending increased to \$141 million (8.79% of total government spending), while spending for agriculture per se through MAAIF remained at

$53 million (or 3.31% of total government spending), which was a nearly 15% decrease from the preceding year (MFPED 2000).

In August 2003, the *Report on the Second Review of the Plan for Modernization of Agriculture* cited the tight funding of the agriculture sector, with the share of the total investment budget that goes to MAAIF declining significantly, as a "present and future concern" for the successful implementation of the PMA (Uganda 2003, 73). Funding will likely continue to be constrained, however, by the MFPED effort to close the government's substantial budget deficit and by competing budget priorities. Education, for example, currently receives about 25% of total spending.

Like many African countries that are pursuing poverty reduction strategies, Uganda relies heavily on foreign assistance to fund its budget, with 40% of the overall budget and 67% of the development budget coming from external sources (Ngategize 2005a). Increased foreign assistance cannot be the only answer to the need for increased funding of agricultural development, however, because the high level of overall aid flows to Africa already threatens adverse impacts on the value of the Ugandan shilling and other macroeconomic conditions, and the Ugandan government has placed a cap on the size of its budget and the level of foreign economic assistance it will accept.

According to the Organisation for Economic Co-operation and Development (OECD) (Table 1), external assistance to Uganda from all sources for all purposes totaled more than $959 million in 2003, or about 16% of Uganda's national income, with the top four donors being the World Bank's International Development Association, the United States, the United Kingdom, and the European Commission. Funding for education, health and population, and other social services was about 50% of the total, while funding for economic infrastructure and services and production garnering about 10% of the total.

As reported through the OECD's Creditor Reporting System, bilateral assistance from the OECD countries (including the United States) averaged $462 million annually from 2000 through 2003, with reported funding for core agriculture, forestry, and rural development purposes averaging about $34.7 million annually (Table 2). Reported OECD country funding for road transport averaged $2.2 million over the period, but the data do not specify whether the assistance was for rural or urban road transport.

Significant public investment in Ugandan agriculture also comes from the multilateral development organizations, including:

- *The World Bank*. As of May 2005, the World Bank portfolio in Uganda included 35 active projects with a commitment value of about $1,219 million (World Bank 2005). These projects involve health, education, infrastructure, governance, and natural resource management and other sectors related to achieving the goals of the bank's Country Assistance Strategy for Uganda (World Bank 2000), which include enhancing Uganda's public sector management capacity and accountability (World Bank 2000b). Eighteen active World Bank projects relate directly to agriculture, with a value of about $201.5 million (Table 3).
- *Food and Agriculture Organization*. In 2004, FAO was involved in 30 active, mostly multi-year projects in Uganda, with a total FAO contribution valued at $4.7 million (FAO 2005). FAO's projects focus primarily on improving productivity and food security at the household level, but they involve a wide range of activities, including fostering access to needed inputs, strengthening producer organizations, developing bankable projects, and enhancing coordination between agricultural research and extension.
- *International Fund for Agricultural Development* (IFAD). The IFAD is financing five ongoing projects in Uganda with loans totaling approximately $61 million (IFAD 2005). The projects are: 1) a seven-year program to support the creation of an extensive rural finance system to generate more opportunities for rural populations to earn higher incomes; 2) support of the World Bank-initiated National Agricultural Advisory Services program, a component of Uganda's PMA and PRSP; 3) a six-year project to modernize smallholder agriculture in southwestern Uganda through private-sector involvement, strengthening of producer organizations, and rural infrastructure improvements; 4) a six-year program to raise the standard of living and improve food security in Kabarole through the promotion of cash crop production and other income-generating activities, improved water and sanitation services, and enhanced local governance; and 5) an eight-year project to increase domestic vegetable oil production in Bugala Island and Bwamba County.

- *African Development Bank* (ADB). In 2003, ADB loans and grant disbursements in Uganda totaled 17.9 UA or approximately $26.8 million (ADBG 2005). While agriculture is a priority sector for investment in the ADB's strategic plan, project- and sector-specific information was not available for this report.

It is impossible to determine precisely the total amount of annual public investment in Ugandan agriculture, whether from domestic or external sources, due to the lack of any standardized definition or reporting system for such investment and the fact that many projects are funded on a multi-year basis. Nevertheless, for the sole purpose of putting U.S. assistance in context, a reasonable approximation of the annual public investment in traditional agricultural development activities is $100–150 million, most of which is from external sources. This includes annual bilateral assistance from OECD countries and multilateral commitments (assuming an average three-year project life).

The U.S. Assistance Program for Agriculture in Uganda

The U.S. agricultural development program in Uganda is best understood in the context of the overall U.S. assistance program in the country. In most recent years, the United States has been Uganda's largest bilateral donor, followed by the United Kingdom and the Netherlands. As reported to the OECD, total U.S. bilateral assistance to Uganda from all agencies for all purposes during the period 2000–2003 averaged about $105 million per year (Table 2). As much as 90% or more of this assistance is funded and managed through U.S. Agency for International Development (USAID), with the balance coming through the Peace Corps, the U.S. Department of Agriculture (USDA), the Trade and Development Agency, the African Development Foundation, and the Departments of State, Treasury, and Interior.

In the fiscal years 2000–2004, the total annual USAID appropriation targeted specifically to assist Uganda averaged about $94 million, including a high of $146 million in FY2003, when there was a sharp increase in emergency food aid for Uganda, and an appropriation of $70.7 million in FY2000 (Table 4). USAID's FY2005 budget request for Uganda was $72.3 million, the third largest in the Africa region after the Sudan and Ethiopia (USAID 2005a). These figures do not include funds appropriated for the Economic Growth, Agriculture, and Trade and the Africa regional programs that may have been used for activities in Uganda.

Background and Strategy

USAID has worked in Uganda since 1962, although much of the mission's activity in the 1970s was geared toward recovery and reconstruction, USAID/Uganda returned its focus to sustainable growth and poverty reduction in 1980 (USAID n.d.). Given Uganda's strategic role in East African development, regional stability, and global integration, the U.S. government has both security and humanitarian interests in supporting poverty reduction in the country.

USAID's overall strategy in Uganda, including its strategy for agriculture, is described in USAID's Uganda Integrated Strategic Plan (ISP) FY2002–2007 (USAID 2001). The program goal of the ISP is to "assist Uganda to reduce mass poverty" (USAID 2001, 9). The ISP describes the Ugandan government's PEAP and other elements of the country's development strategy as "an outstanding set of policies and programs designed to sustain economic growth and to alleviate poverty." Thus, the ISP program goal and the three strategic objectives identified to achieve that goal are in complete and direct support of the PEAP (USAID 2001, 6). These strategic objectives are:

- Expanded Sustainable Economic Opportunities for Rural Sector Growth;
- Improved Human Capacity; and
- More Effective and Participatory Governance.

The ISP describes the participatory process by which these strategic objectives were formulated. A key feature of this process was the consultation of numerous stakeholders from the Ugandan government, civil society, other U.S. government agencies, other bilateral and multilateral donors, and implementing partners (USAID 2001).

USAID/Uganda allocated 67% of FY2004 strategic objective funding for Improved Human Capacity, which encompasses health, education, and HIV/AIDS activities (USAID 2005b). The ISP nevertheless emphasizes that "the rural economy supports 85% of Ugandans and must be the development target if broad-based economic growth is to be achieved" (USAID 2000, 7). The mission also places the rural sector at the center of its strategy because 96% of poor Ugandans live in rural areas (USAID 2000). The rural sector-focused PEAP already has significantly reduced poverty and stimulated economic growth, but these achievements relied on extensive rather than intensive agriculture. Because only 25% of Uganda's land mass is highly productive, the ISP underscores the importance of improving agricultural productivity to foster further growth and increase Ugandans' per capita income in the future (USAID 2000, 27). Beyond agriculture, the ISP cites economic diversification as another key component of achieving broad-based economic growth.

The mission's economic growth strategic objective (Expanded Sustainable Economic Opportunities for Rural Sector Growth) is based on the development hypothesis that Uganda's macroeconomic structure, particularly its competitive and liberalized economy, has the potential to reduce poverty and increase incomes if constraints to growth, such as low agricultural productivity and inadequate agricultural competitiveness and natural resource management, are removed. These barriers to growth are to be dismantled through increased agricultural productivity and improved natural resource management at all scales of production (USAID 2000). Furthermore, competitiveness for both domestic and international markets and the overall investment and business environment are to be improved through economic reform and capacity building of entrepreneurs and productive sectors. More specifically, the near-term goals of the strategy for the rural sector (intermediate results in USAID terms) are articulated as:

- Increased food security for vulnerable populations in selected regions, with illustrative activities including food security, nutrition, and agricultural development initiatives (e.g., technical assistance, training, rural road rehabilitation, direct food assistance, and emergency food aid) implemented by the mission's PL 480 Title II cooperating sponsors.
- Increased productivity of agriculture and natural resource systems in selected regions, with illustrative activities including technical assistance and specialized training in agricultural technology and natural resource management.

- Increased competitiveness of enterprises in selected sectors, with illustrative activities including grant support to microfinance institutions and support to improve the financial sector and long-term financing for farmers and other business owners.
- Improved enabling environment for broad-based economic growth, with illustrative activities including technical assistance to implement institutional and structural reforms and implementation of an action plan in the commercial justice sector (USAID 2000).

Crosscutting themes emphasized throughout the ISP, and with particular relevance to the Expanded Sustainable Economic Opportunities for Rural Sector Growth strategic objective, include strategic alliances, regional trade, and food security (USAID 2000). The development partners and stakeholders involved in the participatory consultative process that led to the formulation of the strategic objectives will continue to play an important role in the realization of the strategic objectives. Partnerships will be equally important to take full advantage of Uganda's trade opportunities. As a member of both the East African Community and the Common Market for Eastern and Southern Africa, Uganda is poised to expand its trade and otherwise benefit from the elimination of tariffs proposed by these two important regional trade bodies. Finally, because low agricultural productivity is one of the primary causes of food insecurity in Uganda, increasing that productivity through appropriate agricultural technologies will not only stimulate broad-based economic growth but also bolster food security (USAID 2000).

USAID's Agricultural Development Program

Funds Available for Agricultural Development Assistance

USAID's agricultural development assistance for Uganda is funded and managed primarily through the USAID Mission in Kampala out of its Development Assistance (DA) and PL 480 Title II accounts. The other major account through which the activities of the USAID Mission in Uganda are funded is Child Survival and Health (CSH). As indicated in Table 4 and Figure 1, total funding through the DA account has fluctuated but was slightly lower in FY2004 than in FY2000. The Title II non-emergency food aid and CSH appropriations have grown substantially. The CSH account is now the largest of the three, whereas the DA account was the largest in FY2000. The DA allocation for Uganda is slated for a further decrease in FY2005.

Within the DA account, it is important to focus on the specific sectoral allocations that are used to support agriculture's role in economic development and poverty reduction, namely agriculture, economic growth, and environment (with funding for the Initiative to End Hunger in Africa [IEHA] coming online in FY2003 as a sub-component of the agriculture sector). The agriculture-related sectors comprise about 67% of the DA account, with the bulk of the remainder earmarked for basic education. Funding for these sectors in Uganda declined by 28% from FY2000 to FY2004 (from $24.7 million to $17.7 million), even with the initiation of IEHA funding in Uganda in FY2003 (Table 4).

While total non-emergency Title II food aid resources in Uganda increased from $10.3 million to $18 million over the FY2000–FY2004 period, the share of that assistance devoted to agricultural development declined from 90% of the total non-emergency food aid to 39% of the total (from $9.2 million to $7 million in absolute terms) (Table 4).

Use of Development Assistance Funding for Agriculture

1. Recent Funding of Agricultural Development

While the Uganda Mission receives its DA funding allocation from Washington in the four agriculture-related sub-categories shown in Table 4 (among other sub-categories), USAID allocates and reports its commitment of DA resources to agriculture and other sectors through the strategic objectives laid out in its ISP for Uganda. As noted, the strategic objective applicable to agricultural development since FY2002 is SO 617-007 (Expanded Sustainable Economic Opportunities for Rural Sector Growth). Although some of the activity under this strategic objective and its predecessor (Increased Rural Household Income, SO 617-001) may involve non-agricultural enterprises, the activities are predominately agriculture-related and the authors treated them as 100% agriculture-related strategic objectives for purposes of estimating overall USAID commitment of program funds to support agriculture-led economic growth. Funding for these strategic objectives was \$16.2 million in FY2000, dropped to \$7.6 million in FY2001, and then rose to \$19.2 million in FY2004 (Table 5).

Taking into account the funding of all three strategic objectives currently in effect in USAID's Uganda Mission, approximately 31% of the funding in FY2004 was used for purposes related to fostering agriculture's role in economic growth and poverty reduction (Figure 2).

2. Current Activities in the Primary Agriculture Strategic Objective

USAID/Uganda's agriculture-related strategic objective takes a highly market- and export-oriented approach to expanding rural economic growth. It focuses on building up the productivity and competitiveness of farmers producing crops with export potential, such as specialty coffee, dairy, cocoa, and vanilla (USAID 2005b). Of the \$19.2 million committed to this strategic objective in FY2004, \$13.7 million was devoted to the intermediate result of increased agricultural production and productivity. This includes commodity-specific activities to transfer technology (including biotechnology), strengthen producer organizations, improve input distribution, and develop specific agricultural and rural enterprises that can compete in local and international markets (USAID 2005b).

This strategic objective also seeks to increase the competitiveness of Ugandan exports by creating a more business-friendly environment that can attract both local and foreign private investment (USAID 2005b). This involves activities such as providing technical assistance to the Ugandan government to help develop a strong trade policy and investment strategy, introducing information and communications technology, and increasing access to financial services for agricultural enterprises. About \$1.9 million was provided for these activities in FY2004 (USAID 2005b).

Finally, this strategic objective includes the commitment in 2004 of \$3.6 million to improve natural resource management in ways that will help sustain income-generating agricultural enterprises, build a more diverse export base, and expand other commercial activities (USAID 2005b). This includes working with farmers and other resource users on soil conservation, land management, agro-forestry technologies, and value-added processing.

Chemonics International, Inc., and Development Alternatives, Inc. (DAI) are key prime contractors for implementing the agricultural productivity and export assistance elements of this strategic objective. DAI also is a prime contractor on the natural resource management component of the program, along with ECOTRUST, the African Wildlife Fund, and the International Center for Research on Agro-forestry (USAID 2005b).

Use of PL 480 Title II Food Aid Resources for Agricultural Development

A significant portion of the overall U.S. investment in agricultural development in Uganda is financed through development (non-emergency) food aid from USAID, which is channeled normally through private, voluntary organizations working in the country as Title II cooperating sponsors (CSs). These organizations use the proceeds from the sale (monetization) of commodities to carry out their projects involving agriculture, health, education, and other needs. USDA also provides food aid to Uganda but it goes for school feeding and World Food Programme activities not directly related to agricultural development.

Determining the dollar amount of the food aid resource that is applied to agriculture in Uganda requires considering the total USAID non-emergency food aid flow through the Title II program (Food for Peace), the related cash assistance to CSs through section 202(e) of PL 480, and estimates of the percentage of each CS program that is devoted to agricultural development (Table 6).[5]

1. Funding

During the period FY2000–FY2004, the value of USAID's Title II non-emergency food aid shipments to Uganda averaged $12.9 million annually, including freight costs from the United States (Table 6). Excluding freight costs, the value of the commodities themselves averaged $8.6 million. Total payments under section 202(e) to all CSs working in Uganda averaged $950,000 per year. As many as six CSs have been managing Title II food aid programs in Uganda over the period FY2000–FY2004. All have been involved in agricultural development to some extent but with the level of activity varying

[3] The development food aid reported here does not include USAID food aid contributions to the U.N.'s World Food Programme, which are used predominately for emergency feeding.

from as little as 1% to as much as 100% of their programs in Uganda. Based on USAID's reported estimates, the share of overall Title II non-emergency food aid used for agriculture in Uganda from FY2000 through FY2004 averaged 63%, but it steadily declined from 90% in FY2000 to 39% in FY2004 (Table 6).

Thus, if freight costs are included, Title II food aid-financed agricultural assistance for Uganda from FY2000 through FY2004, including 202(e) payments, averaged $8.2 million annually, with the levels fluctuating between $6.8 million in FY2001 and $10.9 million in FY2003. The trend, however, is downward, with the FY2004 value of $7 million being 24% lower than the FY2000 level. If freight costs are excluded, U.S. agricultural assistance in Uganda financed by Title II food aid averaged $5.7 million annually (Table 6).

2. Title II-Funded Development Activities

The principal CSs managing food aid-financed projects in Uganda are ACDI/VOCA, Africare, Catholic Relief Services (CRS), Save the Children, TechnoServe, and World Vision. ACDI/VOCA has by far the largest Title II program in Uganda, accounting for more than 60% of total Title II resources in FY2004 (or about $10 million in commodity value including freight) (Bogart 2004).

Like USAID-managed food aid programs in general, the ACDI/VOCA program is focused on the goal of food security as called for by USAID's 1995 food aid policy statement (USAID/FFP 1995). The FY2002–FY2006 Development Activity Program (DAP) proposes to foster the transition of smallholder farmers from subsistence to commercial agriculture and to mitigate childhood malnutrition through "enhancing agricultural production, marketing, rural finance services and increasing nutritional awareness" (ACDI/VOCA 2001, 1). The ACDI/VOCA program complements the government of Uganda's PMA, as well as USAID/Uganda's key agriculture-related strategic objective to expand sustainable economic opportunities for rural sector growth.

Proposed activities under the five-year program include the extension of improved agricultural and nutritional practices to farmers, with a particular focus on women producers (ACDI/VOCA 2001). To address the issue of input and working capital shortfalls, ACDI/VOCA seeks to link agricultural input and marketing providers with rural credit institutions. The DAP proposes improving marketing by enhancing price information dissemination, rehabilitating feeder roads, and training farmers in improved post-harvest handling and storage techniques. The Title II program's health component focuses on direct food distribution to people living with HIV/AIDS and the integration of those individuals into the program's agricultural activities (ACDI/VOCA 2001).

Many of ACDI/VOCA's activities overlap with the other major CSs managing food aid programs in Uganda, and the DAP describes significant coordination among these programs. For example, CRS is a grantee of the ACDI/VOCA Title II program. Furthermore, ACDI/VOCA monetizes commodities that TechnoServe receives for its Arua agricultural marketing project, while ACDI/VOCA benefits from TechnoServe's marketing expertise for projects in Apac District (ACDI/VOCA 2001).

The broad objectives of TechnoServe's FY1999–FY2003 Title II program were increased production and productivity of selected crops and increased rural household incomes (TechnoServe 2003). Successful activities of this DAP, as described in the final evaluation, include demonstration plots and technology transfer, chili production and sales, nurseries and high value crop trials, and produce trading.

As in the ACDI/VOCA program, the CRS and Save the Children Title II programs both address the food insecurity of persons living with HIV/AIDS. One of the CRS program's specific objectives is to "establish a food security safety net for individuals and households affected by HIV/AIDS, whose food utilization abilities are compromised by the symbiosis of poverty and illness" (CRS 2001, 6). The other major objective of the program is to "re-establish sustainable agricultural systems with a focus on smallholder farmers whose potential crop production levels are high, but whose abilities to reach that potential are compromised by protracted insecurity and economic marginalization" (CRS 2001, 5). The geographic areas at which CRS assistance is targeted are three northern districts and four south-central districts.

In addition to the specific goal of improved livelihoods through food distribution to people living with HIV/AIDS and families affected by the disease, the broad objectives of the Save the Children Title II program are improved food access and production and improved food utilization among target households (SCF 2002). The DAP proposes to increase food access through: 1) on-farm training and demonstrations of improved farming, gardening, post-harvest storage, and processing techniques; 2) the establishment and support of market enterprise groups; and 3) rehabilitation of market feeder roads. Improved food utilization is to be achieved through improved access to and use of water, sanitation facilities, and health services.

Africare's Title II program, the Uganda Food Security Initiative FY2002–FY2006, has as its three main objectives: 1) to increase agricultural productivity; 2) to improve household nutrition, particularly for women and children under 5; and 3) to increase accessibility of households in the four southwest highland districts of Uganda (Africare 2001). These objectives align with all three of USAID/Uganda's strategic objectives: expanding sustainable economic opportunities for rural sector growth, improving human capacity, and fostering more effective and participatory governance. The major technical areas within the scope of the project are agricultural production, post-harvest handling, marketing, household nutrition, community road improvements, and natural resource management (Africare 2001).

The overall goal of World Vision's DAP is "to improve food security for 36,000 households in Gulu and Kitgum Districts of northern Uganda" (World Vision 1999, 5). The specific objectives of this Title II program are: 1) to increase household income through the sale of agricultural products; 2) to increase dependence on sustainable resource use systems, such as woodlots and improved stoves; and 3) to improve households' nutrition and diet diversity knowledge (World Vision 1999).

USDA's Agricultural Development Activities in Uganda

As noted, USDA provides limited food aid to Uganda but not for purposes directly related to agricultural development. Beyond food aid, USDA has no appropriation specifically for agricultural development assistance in Africa but USDA employees provide technical assistance and manage programs that are funded by USAID through the International Cooperation and Development (ICD) Program in USDA's Foreign Agricultural Service. Ten USDA agricultural advisors are on reimbursable details at USAID working on the Presidential Initiative to End Hunger in Africa.

In addition, USDA funds occasional projects that relate to agricultural development in specific African countries through ICD's Food Industry Division and Scientific Cooperation Research Program amounting to about $1 million annually across the continent (Brown 2005). Projects of this kind that have some connection with Uganda include the Cochran Fellowship Program, which through the end of FY2003 has given a total of 36 Ugandan scientists two to six weeks of agricultural training in the United States.

Other United States Agencies

African Development Foundation

Eight of ten projects in Uganda approved in FY2002 and FY2003 by the ADF relate to agricultural development, according to the FY2002–FY2003 ADF annual report, which is the most current source of readily available information on ADF activities (ADF 2003). Funding for these eight projects, all of which are ongoing, totals approximately $1.6 million and supports: 1) two sericulture development projects; 2) two projects to increase the production of two vanilla farmers groups; 3) a leather processing and cotton gin washers production project; 4) a project to train 117 farmers in tea crop husbandry and increase the production of a 35-member association of tea farmers in Mukono district; 5) a project to increase the production of a 20-member association of manufacturers of agricultural equipment, building, and plumbing parts; and 6) a local cereals processing project (ADF 2003).

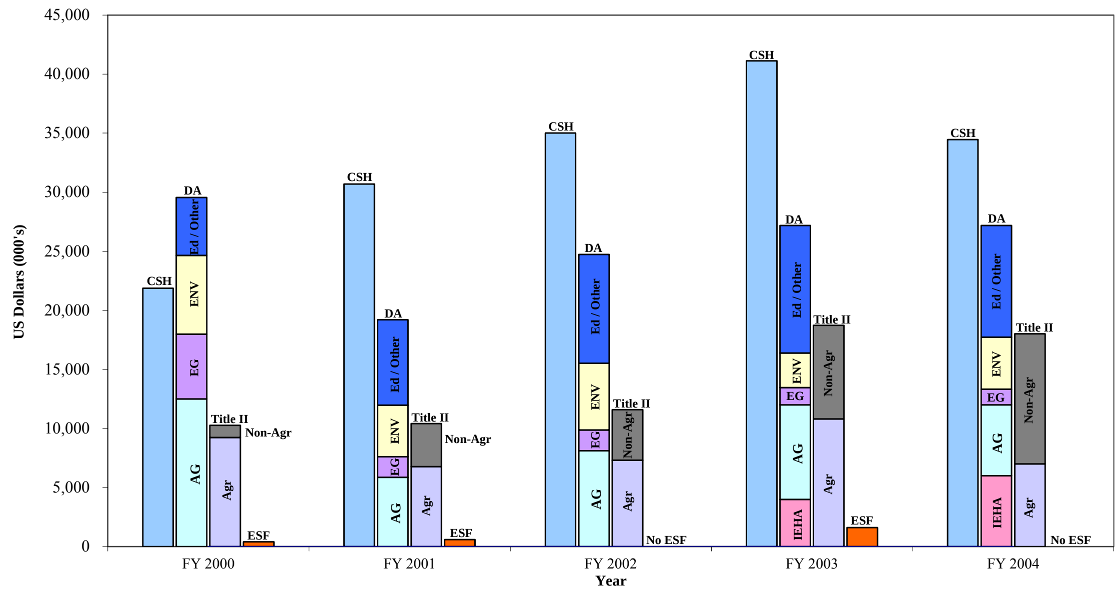
Trade and Development Agency

Only two TDA projects in Uganda during the period FY2000–FY2004 related to agricultural development: a phosphate fertilizer feasibility study ($360,000) and desk study ($4,000), both conducted in FY2003 (OECD n.d.; USTDA 2004).

Trends in Bilateral U.S. Agricultural Development Assistance in Uganda

The majority of U.S. agricultural development assistance for Uganda is funded bilaterally through the USAID Development Assistance account and the Title II food aid program

(Table 7). Total funding through these vehicles has fluctuated over the five-year period FY2000–FY2004, with funding for the agriculture-related strategic objective dropping sharply from FY2000 to FY2001 then rising again. Total funding levels, including through development food aid (including freight), ranged from $14.4 million in FY2001 to $28.4 million in FY2003, and rose 3% over the five-year period.



Total Funds ($000's)	62,069	60,884	71,314	88,623	79,664

Notes: CSH=Child Survival and Health, AG=Agriculture, EG=Economic Growth, ENV=Environment, Ed=Education, DA=Development Assistance, Agr=Agriculture, Non-Agr=Non-agriculture, ESF=Economic Support Fund, IEHA=Initiative to End Hunger in Africa

Figure 1. USAID Non-Emergency Assistance to Uganda, FY2000–FY2004: Allocation of Appropriated Program Funds by Account and Sector

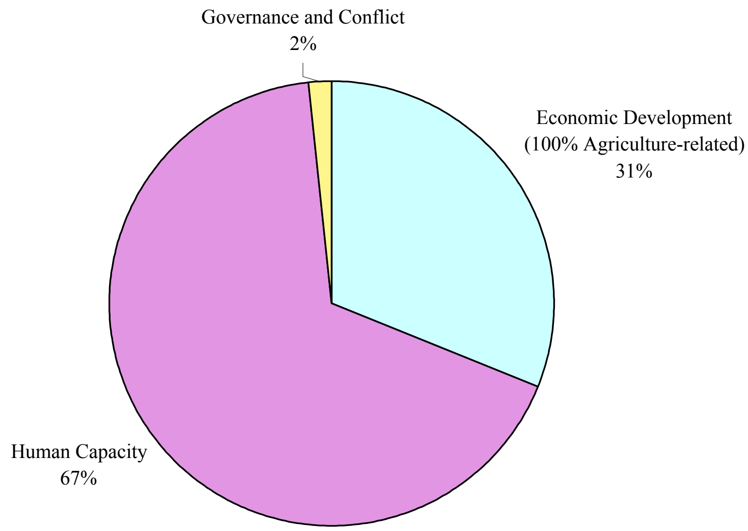


Figure 2. USAID Uganda Strategic Objective Funding Distribution, FY2004

Table 1. Aid at a Glance: Uganda

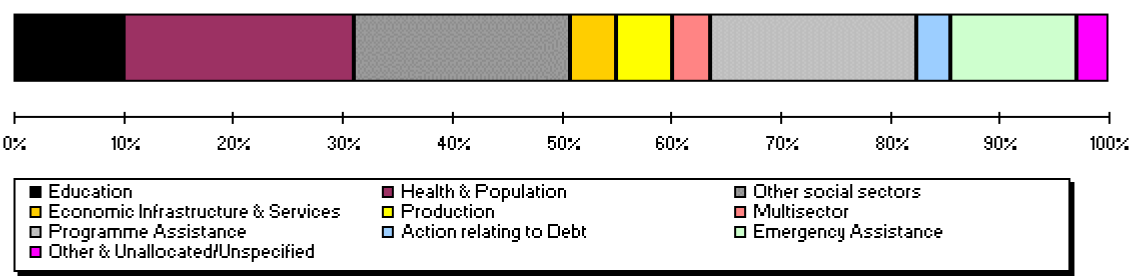
Uganda

Receipts	2001	2002	2003
Net ODA (USD million)	793	638	959
Bilateral share (gross ODA)	46%	66%	56%
Net ODA / GNI	14.4%	11.2%	15.8%
Net Private flows (USD million)	- 20	21	6

For reference	2001	2002	2003
Population (million)	23.9	24.6	25.3
GNI per capita (Atlas USD)	250	240	240

Top Ten Donors of gross ODA (2002-03 average)		(USD m)
1	IDA	201
2	United States	142
3	United Kingdom	94
4	EC	72
5	Netherlands	51
6	Denmark	49
7	Ireland	41
8	Norway	35
9	Germany	32
10	Sweden	28

Bilateral ODA by Sector (2002-03)



Sources: OECD, World Bank.

Source: Aid Statistics, Recipient Aid Charts, Uganda, OECD Development Co-operation Directorate (OECD/DAC n.d.).

Table 2. OECD Agriculture-related Assistance to Uganda[a] as Reported to the OECD/CRS from ll OECD Countries Combined, 2000–2003[b] (U.S. contributions in parentheses)

Year	*Sector ($, thousands)*							
	Core Agriculture[c]	*Forestry & Fisheries*[d]	*Rural Development*[e]	*Road Transport*[f]	*Trade Policy & Facilitation*[g]	*Development Food Aid*[h]	*All Other Aid*	*Total*
2000	17,301 (12,500)	11,252	19,063	514	17	6,271 (4,843)	538,823 (45,888)	593,241 (63,231)
2001	16,610 (5,321)	3,616	5,577	1,446	484 (390)	17,637 (16,712)	257,455 (48,227)	302,827 (70,650)
2002	22,281 (15,235)	4,195	5,651 (975)	3,697		13,134 (13,134)	303,516 (82,249)	352,475 (111,593)
2003	13,485 (1,050)	488	19,128 (15,704)	2,964	303	26,322 (22,255)	537,019 (136,075)	599,709 (175,084)
Total	69,678 (34,106)	19,551	49,419 (16,679)	8,622	805 (390)	63,364 (56,944)	1,636,814 (312,439)	1,848,252 (420,558)

Notes:

[a]Recipients included in our definition of sub-Saharan Africa (SSA) include individual SSA countries, "South of Sahara Unallocated," and "Africa Unspecified."
[b]All years (2000–2003) refer to calendar years.
[c]Core Agriculture includes all purpose codes beginning with 311 (Agriculture) and purpose codes 32165 (Fertilizer Plants), 32267 (Fertilizer Minerals), 23070 (Biomass), and 32161 (Agro-Industries).
[d]Forestry & Fisheries includes all purpose codes beginning with 312 (Forestry) and 313 (Fisheries) along with purpose code 32162 (Forest Industries).
[e]Rural Development includes purpose code 43040 (Rural Development).
[6]Road Transport includes purpose code 21020 (Road Transport).
[f]Trade Policy & Facilitation includes all purpose codes beginning with 331 (Trade).
[g]Development Food Aid includes purpose codes 52000 (Development Food Aid/Food Security Assistance) and 52010 (Food Security Programmes/Food Aid).

Source: OECD CRS Online Database on Aid Activities (OECD n.d.).

Table 3. World Bank Active Agriculture-related Projects in Uganda

Project Name	*Funding ($, millions)* *Agriculture-related*	*Total*	*Project Description*
Agriculture Resources & Training II	26.0	26.0	Increase agricultural efficiency, productivity, household income, and welfare through research and technology capacity building.
Economic Recovery II	0.6	2.0	No additional information available.
Economic Recovery Program	0.1	1.5	No additional information available.
Economic Recovery II	0.4	1.6	No additional information available.
Economic Recovery	0.1	1.7	No additional information available.
Energy for Rural Transformation Project	3.9	49.2	Renewable rural energy and information/communication technologies development.
Energy for Rural Transformation Project	0.4*	12.1	See description above.
Kibale Forest Wild Coffee Project	0.8*	0.8	Use of Kibale Forest Wild Coffee sales income to enhance biodiversity conservation in the Kibale National Park and agricultural areas of Uganda.
UG: Lake Victoria Environmental Project (IDA)	9.4	12.1	Maximize sustainable benefits of food, employment and income potential of the lake; fisheries research, management, extension, policies and laws, and land use management.
Lake Victoria Environmental Project (GEF)	7.6*	9.8	See UG: Lake Victoria Environmental Project (IDA) description above.
Lake Victoria Environmental Management Project-Supplemental Credit	3.5	4.5	See UG: Lake Victoria Environmental Project (IDA) description above.
National Agricultural Advisory Services Project	45.0	45.0	Provide agricultural advisory services to farmers and promote partnerships among producers, advisers, researchers, and markets; finance capacity building for private sector, institutions and public extension staff.

Project Name	*Funding ($, millions)*		Project Description
	Agriculture-related	*Total*	
Northern Uganda Social Action Fund Project	10.0	100.0	Improve accessibility and delivery of small-scale socioeconomic services, poverty alleviation strategy development, and capacity building for community reconciliation and conflict management.
Poverty Reduction Support Credit 4	60.0	150.0	Support implementation of Uganda's Second Poverty Eradication Action Plan, including education, health, water, and sanitation services delivery and the rural development reform program.
Poverty Reduction Support Credit 4	60.0	150.0	See description above.
Protected Areas Management and Sustainable Use Project	25.7	27.0	Establishment and capacity building of the Uganda Wildlife Authority, environmental education, and biodiversity conservation.
Protected Areas Management and Sustainable Use Project	25.7	27.0	See description above.
Protected Areas Management and Sustainable Use GEF	8.0*	8.0	See Protected Areas Management and Sustainable Use Project description above.
Total	201.5	451.3	

Notes: Unless otherwise noted, World Bank funding for the projects listed above is in the form of International Development Association loans. Projects noted with a * indicate World Bank funding in the form of grants. Agriculture-related funding amounts were calculated by multiplying the total World Bank funding amounts by the percentage of the project related to agriculture as listed by the World Bank.

Source: World Bank Uganda: Active Projects (World Bank 2005).

Table 4. USAID Appropriation of Program Funds for Uganda, FY2000–FY2004

Account	*Appropriation ($, thousands)*					
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*	*FY2005 Requested*
Development Assistance Total	29,544	19,198	24,724	27,183	27,182	20,450
Agriculture	12,500	5,867	8,121	8,000	5,994	
Economic Growth	5,480	1,728	1,750	1,458	1,320	
Environment	6,678	4,377	5,639	2,932	4,402	
IEHA	0	0	0	4,000	6,000	
Child Survival & Health	21,868	30,680	35,000	41,114	34,460	34,294
Economic Support Fund	400	595	0	1,600	0	0
Total PL 480 Title II Non-Emergency	10,257	10,411	11,590	18,726	18,022	
Non-Emergency Agricultural Use	9,232	6,760	7,304	10,800	7,001	
Non-Emergency Non-Agricultural Use	1,025	3,651	4,286	7,926	11,021	
TOTAL NON-EMERGENCY PROGRAM FUNDS	62,069	60,884	71,314	88,623	79,664	54,744
Total PL 480 Title II (Emergency + Development)	18,844	31,290	27,458	75,896	22,580	17,591
TOTAL PROGRAM FUNDS	70,656	81,763	87,182	145,793	84,222	72,335

Source: USAID Congressional Budget Justifications (USAID various years) and personal communication with Fenton B. Sands, Chief, Economic Growth, Environment & Agriculture Division, Office of Sustainable Development, Bureau for Africa, USAID (Sands 2005).

Table 5. USAID Agriculture-related Strategic Objectives and Funding Levels, Uganda, FY2000–FY2004

Title	*Former Title*	*% related to Agriculture*	*Funding ($, thousands)*					
			FY2000	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Total, FY2000–FY2004*
617-001 Increased rural household income		100	16,240	7,595	0	0	0	23,835
617-007 Economic Development		100	0	0	15,510	17,490	19,222	52,222
Total			16,240	7,595	15,510	17,490	19,222	76,057

Source: Authors' calculations, with data from USAID Congressional Budget Justifications-Uganda (USAID various years).

Table 6. U.S. Non-Emergency Food Aid Estimated Value Applied for Agricultural Development Purposes, Uganda, FY2000–FY2004

Allocation	*Funding ($, thousands)*						
	FY2000	*FY2001*	*FY2002*	*FY2003*	*FY2004*	*Average*	*Increase, FY2000–FY2004 (%)*
USAID							
Title II Value With Freight	9,512	9,762	10,941	17,719	16,320	12,851	72%
Title II Value w/o Freight*	6,345	6,511	7,298	11,819	10,885	8,572	72%
202(e) Payment	745	649	649	1,007	1,702	950	128%
USAID Total With Freight	10,257	10,411	11,590	18,726	18,022	13,801	76%
USAID Total w/o Freight	7,090	7,160	7,947	12,826	12,587	9,522	78%
% Used for Agriculture**	90%	65%	63%	58%	39%	63%	-57%
Total USAID Agriculture Value With Freight	9,231	6,767	7,302	10,861	7,029	8,238	-24%
Total USAID Agriculture Value w/o Freight	6,381	4,654	5,007	7,439	4,909	5,678	-23%

Notes:
* Calculated based on the assumption that freight costs consume one-third of the total value.
** Calculated based on estimates in USAID annual reports on non-emergency food aid of the percentages of each cooperating sponsor program in Uganda that is devoted to agricultural development.

Source: USAID Office of Food for Peace Annual Reports, FY2000–FY2004 (USAID/FFP various years).

Table 7. Bilateral U.S. Assistance for Ugandan Agriculture, Major Elements, FY2000–FY2004

Program	*Funding ($, thousands)*				
	FY2000 Actual	*FY2001 Actual*	*FY2002 Actual*	*FY2003 Actual*	*FY2004 Actual*
USAID/Development Assistance Agriculture-Related Strategic Objective	16,240	7,595	15,510	17,490	19,222
USAID/Food Aid PL480 Title II*	9,231	6,767	7,302	10,861	7,029
Total	25,471	14,362	22,812	28,351	26,251

Notes: * Includes 202(e) payments. All food aid values include freight costs.

Source: Extracted from Tables 5 and 6.

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