How the United States Benefits from Agricultural and Food Security Investments in Developing Countries

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Scope and structure of report

Inputs – USG agricultural foreign assistance

Outcomes – in recipient country

Benefits – to U.S.
United States government inputs

In 2017

- $33.3 billion
- 0.17% of GDP
- 0.84% of U.S. gov't exp.
United States government inputs

U.S. foreign agricultural aid expenditures, constant 2017 dollars, 2001-2017

- In 2017, $1.4 billion
- 4.2% of nonmilitary aid
- 0.04% of U.S. gov’t exp.

U.S. Foreign Agricultural Aid Activities
- Research and development
- Markets, partnerships and innovation
- Country support
- Bilateral programs
- Regional and centrally managed programs
- Monitoring and evaluation
## USAID Agricultural Budget, 2011-2017

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</thead>
<tbody>
<tr>
<td><strong>Grand Total</strong></td>
<td>1,173</td>
<td>1,198</td>
<td>1,116</td>
<td>1,070</td>
<td>1,064</td>
<td>938</td>
<td>902</td>
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<tr>
<td>BFS - Country support</td>
<td>60</td>
<td>103</td>
<td>107</td>
<td>119</td>
<td>136</td>
<td>127</td>
<td>100</td>
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<tr>
<td>BFS - Markets, partnerships and innovation</td>
<td>24</td>
<td>32</td>
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<td>BFS - Monitoring and evaluation</td>
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<td>13</td>
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<td>18</td>
<td>17</td>
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<tr>
<td>BFS - Research and development</td>
<td>120</td>
<td>135</td>
<td>151</td>
<td>144</td>
<td>146</td>
<td>130</td>
<td>142</td>
</tr>
<tr>
<td>Bilateral programs</td>
<td>841</td>
<td>845</td>
<td>744</td>
<td>684</td>
<td>653</td>
<td>565</td>
<td>549</td>
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<tr>
<td>Regional and centrally managed programs</td>
<td>113</td>
<td>70</td>
<td>56</td>
<td>67</td>
<td>68</td>
<td>62</td>
<td>64</td>
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Recipient country outcomes

Farms, firms, & institutions change

Agricultural & food systems transform

Households & entire economies develop, driven by agricultural transformation
U.S. benefits

- **Stronger U.S. research capacity**
  Direct beneficiaries: U.S. universities

- **Increased U.S. agricultural productivity**
  Direct beneficiaries: U.S. farmers

- **Increased agricultural trade and investment by U.S. firms**
  Direct beneficiaries: U.S. companies

- **More jobs and income in U.S.**
  Direct beneficiaries: U.S. workers

- **Greater availability of seasonal/tropical foods in U.S.**
  Direct beneficiaries: U.S. consumers

- **Greater global stability**
  Direct beneficiaries: U.S. taxpayers
Over the past 20 years, total U.S. agricultural exports grew by 63% in real terms. Most of the growth was in exports to developing countries.

All the inflation-adjusted growth of U.S. bulk exports, and most of the growth of high-value products, is due to sales to developing countries.

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<tr>
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<th>Bulk Commodities</th>
<th>High-value Products</th>
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<tbody>
<tr>
<td>Developing Economies</td>
<td>+77%</td>
<td>+125%</td>
</tr>
<tr>
<td>Developed Economies</td>
<td>-4%</td>
<td>+27%</td>
</tr>
</tbody>
</table>

1,203,000

U.S. jobs supported by agricultural exports in 2018.

Calculations by author based on USDA, GATS database.
U.S. benefits: exports and jobs

• In addition to agricultural exports, the U.S. exports agriculture-related goods
  o Feed and fodder, fertilizer, agricultural chemicals, seeds, farm machinery

• Agricultural technology exports
  o Via licensing / marketing agreements
  o Via processing standards

PICS hermetic crop storage bag, developed by Purdue University under Bean/Cowpea CRSP

Licensed by PICS Global LLC to 7 companies. Currently, sold annually to 3 million farmers in 58 countries.
U.S. benefits: seasonal / tropical foods

- U.S. aid contributes to improved efficiency, hygienic standards, and environmental conservation in agricultural value chains in countries that export food to the U.S.

- **Imports account for** –
  - Nearly 100% of coffee, cocoa, and spices consumed in U.S.
  - 50% of fresh fruit and fruit juice
  - Vegetables during cold season
U.S. benefits: global disease control

• Approximately 75% of all new and emerging diseases affecting humans today are zoonotic

• USAID supports developing country animal-disease research conducted by CGIAR, U.S. universities, and other organizations

• These programs and activities help prevent global transmission of animal diseases. For example --
  
  o USAID’s Emerging Pandemic Threats Program strengthens capacity of developing countries to detect, prevent, and control animal and human diseases
  
  o One Health, a transdisciplinary public health program spearheaded by American Veterinary Medical Association
U.S. benefits: global and national security

• Reasons for concern about global stability
  • Humanitarian
  • Economic – the international community saves $16 in crisis response and reconstruction expenditures for every dollar spent on conflict-prevention measures (United Nations and World Bank, 2018)

• Relationship between food security and global security
  o Conflict and food insecurity are interrelated
  o When conflict becomes violent, food security is nearly always in jeopardy
  o U.S. agricultural aid addresses food security as well as related drivers of conflict, such as economic grievance and competition over scarce resources
U.S. benefits: global and national security

• Economic growth that improves income and material well-being of a large share of the population is generally stabilizing, both economically and politically

• Over the past decade, most published empirical studies on foreign aid and economic growth have found that aid has a positive impact but with a lag (Clemens et al., 2012)
  o Underscores importance of a long planning / evaluation horizon

• Growth-inducing foreign aid may reduce international migration
  o The few available studies of the foreign aid-international migration relationship have measured it over relatively short periods, reaching conflicting conclusions
  o A recent study of 141 countries examines a longer time period, finding that foreign aid reduces international migration but only after 11 or more years (Dreher, Fuchs, & Langlotz, 2019)
  o A recent study of 103 countries over a 15-year period found that rural development aid reduces international migration but urban development aid does not (Gamso & Yuldasev, 2018)
U.S. benefits: global and national security

- **Agricultural development assistance creates opportunity for the U.S. to build relationships in developing countries before global crises occur**
  - International cooperation and trust, which are essential for global and U.S. national security, cannot be “surged”
  - Long-term investment is essential

- **The report emphasizes that agriculture is a driver of broad-based economic growth in low-income countries. This builds resiliency in recipient countries and stability of global regions.**
How the United States Benefits from Agricultural and Food Security Investments in Developing Countries

Read the report at:

Https://doi.org/10.2499/p15738coll2.133419