

**Testimony of
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U.S. African Development Foundation
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Subcommittee on Africa, Global Health, Global Human Rights, and International
Organizations
House Committee on Foreign Affairs
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Chairman Smith, Ranking Member Bass, and Members of the Subcommittee, thank you for inviting me to speak with you today. First, I'd like to thank you for your leadership and support as we commemorate the one year anniversary of Congress passing the Global Food Security Act (GFSA). Thank you for your passion, conviction and commitment to the fight to end global hunger and for building a more prosperous world for all.

Thank you to my colleagues to Beth Dunford, Assistant to the Administrator for the Bureau of Food Security, and Acting Special Representative for Global Food Security Ted Lyng for joining me today, as well as to our other interagency partners.

I'd also like to personally express my gratitude to both Chairman Smith and Ranking Member Bass for your steadfast leadership and support of USADF and the unique contribution we make to African development.

Testimony

The U.S. African Development Foundation (USADF) is an independent U.S. Government agency that functions as an alternative to the traditional aid that the United States regularly provides in Africa. Established by Congress in 1980 to encourage self-sufficiency and entrepreneurship amongst poor and vulnerable populations, USADF is a model for doing development differently. With the enactment of GFSA and its implementation over the past year, USADF's catalytic grassroots-level support has been amplified through enhanced interagency coordination. Our community driven efforts are linked to and aligned with country and continental efforts to reduce hunger and alleviate poverty.

USADF foreign assistance provides underserved communities across Africa a voice and a choice in their economic development priorities and puts them on a self-sustaining pathway to prosperity. We have been at the first phase of development for more than 30 years providing direct funding to African communities. USADF utilizes local in-country management and technical partners to invest directly in early-stage grassroots enterprises and African entrepreneurs. We provide seed capital of up to \$250,000 and local technical assistance to underserved communities with a focus on agricultural ventures by farmers, pastoralists, women, and youth in conflict and post-conflict countries.

The USADF development model is effective, efficient and delivers a return on investment to the U.S. taxpayer, contributing to peace, security and poverty alleviation through local enterprise creation. To ensure effective and efficient use of U.S. taxpayer dollars, we employ financial compliance and oversight measures, such as annual grant audits, financial monitoring conducted by technical partners and quarterly disbursements tied to highly scrutinized requests that are verified at the country and Washington levels.

USADF's work is critical as sub-Saharan Africa continues to struggle with record levels of displacement and hunger as a result of conflict and drought, as well as the millions who are on the brink of starvation in South Sudan, Somalia, and Nigeria.

USADF's funding supports the creation of sustainable economies that serve as important preventative measures for impending crises. Take South Sudan for example, where four USADF sustainable agriculture programs worth a total of \$670,000 are mitigating the effects of famine. In Somalia, where youth unemployment is over 70 percent, creating a hotbed for conflict, USADF is providing over 5,000 Somali youth with vocational job training and the tools to start their businesses. In northern Nigeria, USADF has worked with hundreds of local enterprises to boost economic stability and growth through productivity, employability, and improved quality of life.

With \$53 million in active grants invested in 500 enterprises, USADF has generated new local economic activity worth \$100 million. Last year, with \$30 million dollars appropriated and 20 country programs, we impacted 250,000 jobs and improved the lives of 1.5 million people.

In the past 10 years, USADF has leveraged \$23 million dollars in donated funds to expand transformational programs in Africa, and deployed an additional \$5.1 million of interagency funds from other U.S. Government agencies. The agency maximizes the impact of U.S. taxpayer dollars by matching U.S. funds with those from host African governments that invest their resources directly into USADF programs. Our ability to leverage direct funding from countries in which we operate for the co-financing of our programs allows host governments to give families and underserved communities the opportunity to lift themselves out of poverty. In Uganda, the government has recommitted \$5 million over five years. U.S. corporations such as GE and Citi Group also collaborate with USADF to leverage our unique capabilities.

The agency's success can be directly attributed to our community-driven approach to development and engaging community and country stakeholders for a greater sustainable impact. The effectiveness of the agency has been backed by the Center for Global Development's independent study of U.S. government foreign assistance providers, ranking USADF second only to the Millennium Challenge Corporation (MCC) in maximizing the efficiency of foreign assistance¹.

¹ Center for Global Development, "Quality of Official Development Assistance" 2010 - 2013

USADF extends the reach of traditional foreign assistance through the underserved and disadvantaged populations we serve and the geographies in which we operate, past urban areas to rural populations living beyond Africa's growth frontier.

USADF is highly responsive to the needs of underserved African communities. USADF's agility and nimbleness enables the creation of catalytic demonstration projects and programs which serve as a model for locally owned, impactful and self-sustaining development programs which deliver results. USADF starts new programs in months rather than years.

Hunger and food insecurity, lack of economic opportunities, and youth joblessness are primary drivers of political instability and civil unrest. A recent survey in northern Nigeria found that unemployment and marginalization created fertile ground for Boko Haram to establish itself and recruit from local communities. Since 2011, USADF has added a focus of funding food security projects in conflict and post-conflict areas of northern Nigeria, the Niger Delta and in South Sudan. These projects bring economic security to grassroots communities in those areas affected by conflict.

- USADF's model of using local partners enables us to program in these areas where Americans often are unable to go.
- U.S. Ambassadors in Nigeria and South Sudan have strongly encouraged USADF to continue these projects as they are sometimes the only U.S. agency funding these types of projects and they have the potential to impact peace and security at the grassroots level.
- USADF's total investment in Nigeria since 1997 is \$59 million focusing on projects providing food security to populations vulnerable to conflict in northern Nigeria. These communities can be at-risk of attacks by Boko Haram. USADF funds in Kano, Kaduna, Bauchi, and Jigawa states. Boko Haram is active in Kano, Kaduna, and Bauchi states.

The remainder of my statement will focus on three community and country specific examples which exemplify USADF's contribution to key GFSA objectives. Under the implementation of GFSA, USADF:

- Catalyzes Inclusive Agricultural-Led Economic Growth to Create Self-Sufficiency and Economic Freedom
- Increases Productivity, Incomes and Livelihoods for Small-Scale Producers
- Coordinates Efforts for Effective and Efficient Use of Taxpayer Dollars

1. Catalyzing Inclusive Agricultural-Led Economic Growth to Promote Self-Sufficiency and Economic Freedom

USADF grants support community-based enterprises that empower the underserved to become part of Africa's growth story. Our grants serve as a catalyst for self-sufficiency and entrepreneurship among poor and vulnerable populations. Approximately 70 percent of our investments are focused on supporting agriculture-led economic growth for smallholder farmers, who represent nearly 70 percent of Africa's labor force and the backbone of its economies.

USADF grants assist hundreds of agricultural cooperatives develop better enterprise management skills, improve production and distribution capabilities and access larger markets.

With catalytic and strategic investments, we put community enterprises on a pathway to prosperity. For instance, in Rwanda, USADF invested in Ntende Cooperative to grow their rice growing cooperative into a profitable and sustainable community enterprise. Prior to USADF assistance, the cooperative lacked the means to pay farmers on time and transport produce to market. Under the USADF grant, Ntende Cooperative provided training services to its members on improved rice cultivation practices, and working capital to purchase equipment. With more rice to sell, members saw their incomes double in less than two years. Farmers opened bank accounts for the first time, and opened a revolving loan fund from which to borrow and pay school or medical expenses. With the increased sales revenues, Ntende Cooperative increased land cultivation and was able to acquire business loans for the first time to sustain growth. Each year, Ntende Cooperative grows and adds new members. From 500 members, Ntende Cooperative is now on a sustainable pathway to prosperity, supporting over 4,000 farmers in the community with better food security.

Finally, in areas like northern Mali, food insecurity can lead to violence and instability. USADF is partnering with cereal cooperatives like Diédougou Cooperative to boost food productivity and incomes for farmer members and build a food-secure future. With USADF support to over 1,900 farmers who comprise the enterprise, Diédougou Cooperative has more than quadrupled the quantity of cereals sold annually. By investing in farmers to increase cereal production, Diédougou Cooperative is not only generating economic growth for its members, but selling surplus cereal grains to new markets, such as the World Food Program (WFP).

2. Increasing Productivity, Incomes and Livelihoods for Smallholder Farmers

USADF complemented the work of Feed the Future programs and will continue to extend the reach of its assistance under GFSA by working at the lowest level of the economic pyramid. This type of intervention is risky in terms of return and requires significant support to move groups from subsistence level operations to levels of productivity and market access that provide for income and profit margins.

We are committed to working in rural communities to improve agricultural practices, help smallholder farmers grow enough food to support themselves and their families, and generate revenues to cover their non-food needs.

We help communities move from food aid to self-help food producers and entrepreneurs. Our investments serve to de-risk early-stage agriculture cooperatives and prepare them for sustainable long-term growth by instilling management and growth capacities with training, inputs, storage, irrigation technology and equipment, operating funds and technical assistance.

In South Sudan, an environment experiencing chronic insecurity and famine, we are supporting vulnerable communities to achieve food and economic self-sufficiency. Our investments in a maize milling cooperative Kanybek General Trading and Investment Company Ltd has achieved promising results. We trained 60 lead farmers on sustainable maize production techniques,

provided agricultural inputs, resulting in food production increasing from seven tons to over 600 tons of maize. Today, over 4,000 families can now afford two meals a day and to send their children to school. The tangible successes of the cooperative attracted more farmers, and membership has tripled. Recently, the cooperative used its savings to grow and diversify revenue streams by opening a bakery on the outskirts of the capital city Juba.

3. Coordinating Efforts under GFSA for Effective and Efficient Use of Taxpayer Dollars

USADF is one of the 11 U.S. Government agencies implementing the U.S. Government's Global Food Security Strategy (GFSS). As a member of the interagency coordination Washington support team we were involved in every stage of formulating the GFSS strategy and are actively participating in the target country selection process. USADF is also active in the GFSS Interagency Monitoring, Evaluation and Learning (MEL) and Learning Agenda working groups. USADF country teams are involved in the formulation of GFSS Country Plans to coordinate our programming efforts with other U.S. government agencies at the country level to meet the objectives of the strategy.

Our close collaboration ensures complementarity between agencies. In Senegal, USADF coordinated its support for rice cooperatives in the Senegal River Valley to take advantage of the Millennium Challenge Corporation's (MCC) five-year investment in upgrading the Senegal River irrigation systems, and USAID's investments to improve smallholder agriculture performance and support market linkages. USADF worked closely with seven rice cooperatives to support agricultural production and financial management, and the means to link to irrigation systems and new markets. One cooperative, Malal Yero Cooperative, is on a steady path to prosperity, producing up to 16 tons of rice daily and supplying rice to the World Food Program (WFP).

Conclusion

USADF's enduring relationship with communities in Africa provides a unique model for African development. USADF's small grant financing model serves as a local economic development catalyst enabling the poor to participate in their own development, to enhance opportunities for themselves and to create pathways to self-sufficiency and prosperity via enterprise creation. Through the Global Food Security Act, we help to transform the quality of life for millions of people in communities across Africa and strengthen America's role in Africa and the world.