

Food and Agriculture
Goals, Directions, and Operations for the 1990s
U.S. Agency for International Development

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Executive Summary

This statement outlines goals, directions, and priority areas of investment for the Agency's food and agriculture programs and recommended steps for implementation and achievement. Preparation involved Agency and Washington staff, especially Deputy Assistant Administrators and their key bureau staff, developing country professionals and leaders, U.S. industry and interest group leaders, and development specialist and economists from outside the Agency.

Program goals elucidated in a "focus statement" have been utilized by the Agency over the past two years. That statement,

"To increase the income of the poor majority, and expand the availability and consumption of food, while maintaining and enhancing the natural resource base,"

remains valid for the 1990s.

Increased real family income is the Agency's primary goal. Because agriculture creates real income and involves a high proportion of LDC workers, it will continue to receive major Agency attention and investment.

Expanded food availability meets humanitarian needs, enhancing the nutrition and health required for increased human productivity. Increased farm production volume stimulates agribusiness and leads to other industrial and non-industrial growth, creating more employment.

Maintaining and enhancing the natural resources base is essential for sustained food production and income.

Food aid can be an important contributor to income and human capital growth, especially among countries in the early stage of development. It can also relieve pressure on fragile natural resources while technology, institutions, and policies are developed to increase agricultural production without resource degradation.

The Agency's development objectives can be achieved while U.S. economic interests are also served. Food self-reliance (in contrast to production self-sufficiency) in developing countries, along with increased income, provide potential for expansion of U.S. export markets. Agency support to agricultural research worldwide helps preserve genetic material and develop technology that can be helpful to U.S. agriculture. Conservation of natural resources worldwide is a priority of U.S. citizens in general.

In the 1990s, increased income and food consumption through production and availability of basic food crops will continue to be the Agency's focus in many countries. In countries that have advanced, and as other countries advance in income, Agency programs will move toward animal agriculture, aquaculture, and horticulture; food processing, packaging and distribution; consumption and nutrition enhancement; agricultural business; private sector research and technology initiatives; and international trade.

To meet goals and accommodate the directions outlined above, the Agency will invest talent and money in helping strengthen country policies, institutions, technology, and the private sector.

The statement lists a series of recommendations which would help the Agency achieve the goals and use human and financial resources most effectively.

Among major Agency-wide and general recommendations are that the Agency balance its strong geographical structure with an equally strong and credible functional (subject matter/product) structure. Specifically, it is recommended that there be a single central unit to coordinate and lead food and agricultural programs.

Among other general recommendations: enhanced coordination of food aid and agricultural program functions in missions, linkage of food for peace regional staff with agriculture and related staff in regional bureaus, placing science and technology units of agriculture, rural development, natural resources and nutrition within a common organizational unit headed by a DAA or Agency Director, continued strong Agency support to international agricultural research centers, and enhanced linkage of private voluntary organization food and agriculture work with food and agriculture offices in missions and AID/W.

It is urged that food aid be given special recognition as an Agency resource, that the appropriate food aid volume for development be newly determined, that the administrator lead the Development Coordinating Committee in refining responsibilities and functions of the Food Aid Subcommittee and working groups, and that simplification of food aid legislation be sought.

In mission and AID/W operations, recommendations include enhanced communication and coordination with other donors and lending agencies, enhanced effort in the private sector, more continuity and persistence toward objectives in mission programs and projects, more communication with contractors, use of a U.S. industry or extension-type person on project review teams, and, partly because of rapid turnover of mission staff, use of panels of country specialists to assist with country program guidance and continuity.

The statement referenced a recent ANE study of Agency food and agriculture personnel, which reported a significant shortage of upper middle level technical persons, and personnel-related other problems. These were partially addressed by the recommendations for a single food and agriculture unit, such a unit to provide both a management and personnel advancement cone. In addition, recommendations are included for review of promotion criteria and guidelines, backstop (personnel category) consolidation, and recruitment.

A sharp increase in travel funds for technical staff was recommended because of the consistent strong feelings by technical staff that they just aren't able to get their job done in backstopping and supporting field programs and staff with current travel budgets. This recommended increase is not predicated on increased appropriations; fund shifts, even within the food and agriculture area, can be considered.

Necessity of computer, phone, and telefax linkages to all Agency offices and personnel, plus support staff and copying facilities, are mentioned.

Though earlier recommendations address some aspects of communication with U.S. interest groups, other recommendations include designating a staff member to link with major groups, continued allocation of Biden-Pell development education funds to natural resources and agricultural audiences, publication of project reports or fact sheets to document project impacts, and speeches to and meetings with interested groups by Agency leaders and staff.

**Food and Agriculture
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This statement responds to charges by Administrator Alan Woods to outline a "single, fully coordinated set of policies and programmatic directions" in food and agriculture, steps for developing a strong working relationship with the U.S. agribusiness community and with groups that are concerned with international food issues, and, once programmatic directions were outlined, implementation steps the Agency should take, especially in food aid/agricultural program linkages and in science and technology/field program linkages.

The Agency handles food and agriculture development programs in about 70 Third World countries (usually referred to as Less-Developed Countries, LDCs).

Introduction

The Agency's central mission is to carry out legislative provisions for LDC development, to help LDCs achieve broad-based, sustainable economic growth and self reliance, to raise household income, and improve the human condition --- the nutrition, health, education, and physical and mental productivity of men, women and children. The Agency thereby contributes to world stability and advances U.S. foreign policy. U.S. citizen concern for human welfare, for poverty alleviation, for free world trade, and for the world's environment and natural resources are foundations for this central mission.

The food and agriculture program is critical to fulfilling that mission. And there is urgency --- rapidly increasing population pressure on fragile natural resources, worldwide, but especially in Africa --- during a time when U.S. budget resources are limited.

The statement is based on the Agency's experience in helping countries develop, U.S. budget realities, and the principle that U.S. investments in LDCs should be based on mutual interests.

Both direct and indirect input has been provided by Agency mission and Washington staff, especially DAAs and key bureau staff they chose, respected economists, development

professionals inside and outside the Agency, LDC professionals and leaders, and U.S. industry and interest group leaders.

This statement is consistent with existing Agency policy and strategy documents. For food and agriculture programs, it outlines Agency goals, the preference for food self-reliance over self-sufficiency, where investment pays off, the directions programs should move, and what the Agency needs to do to move in the needed direction and to have most positive development impact.

LDCs and the U.S.: Mutual Interests

Self-sufficiency in food production for LDCs is not in the maximum economic interest of most LDCs. Nor is it in the interest of the U.S.

Food self-reliance for LDCs --- food security achieved from production and/or imports, the ratio depending on comparative advantage --- is in the economic interest of both LDCs and the U.S.

Maintenance and enhancement of the world's environment and the natural resource base are in the interest of both LDCs and the U.S.

Where significant economic growth has occurred in LDCs, agricultural development has generally been the key first step. In many countries, food aid has contributed to the process, providing calories and nutrients for human survival and productivity until and while agricultural development occurs.

Where significant economic growth has occurred in LDCs, demand for food --- more and higher quality --- has increased sharply.

Fifty to 80 percent of the workers in most LDCs are farmers. When their productivity goes up, the total country economy benefits. Caloric and critical nutrient intake go up and both physical and mental well-being and productivity are enhanced.

Farmers are generally the largest sector of employment; increased productivity here has most impact on the total country economy.

When the farm family produces extra food, it is sold or bartered to obtain both inputs and consumer goods, and thereby generates employment. That food enhances village and urban nutrition; human productivity there is increased. Both the nutritional and economic impacts spread, to the towns and cities, and stimulate the growth and productivity of agribusiness, processing, manufacturing, and services.

Such agriculturally led development commonly results in 3 to 7 percent annual growth in GNP and consumer demand in advancing LDCs. Rarely though, does LDC food production grow more than 2.5 percent per year. Continued population and family income growth in such advancing LDCs usually combine to demand more food than their agricultural systems can provide.

That is why LDCs are the growth market for U.S. agriculture! And more growth potential lies ahead.

The U.S. enjoys a strong reputation in food and agriculture. Productive soil, temperate climate, a good research and education system, infrastructure, and strong private enterprise have made the U.S. agriculture system, as a whole, the envy of the world. The Agency and its predecessors have effectively used some of this system's output, especially its capable men and women, universities and food surpluses to help the LDCs.

In food and agriculture development efforts, the Agency has had positive impact. The food calories and nutrients, plus the genetic materials, technology, training, credit systems, design of infrastructure, and policy support, have helped many LDCs achieve economic growth. Real family incomes have gone up.

In short, in food and agriculture as a whole, the U.S. enjoys a comparative advantage. It has a reservoir of talent and experience that LDCs need.

This mutuality of interest, the nutritional needs and food demand growth potential of the LDCs matched with the market growth needs and production capacity of U.S. agriculture dictate that U.S. efforts to achieve economic growth in LDCs place a high priority on food and agriculture programs and resultant U.S. food and agriculture exports.

There is a second form of mutual interest in the agriculture arena --- the two-way movement of genetic material and technology. In the early years of the Agency's agricultural development, emphasis was on movement and adaptation of U.S. technology and genetic materials to the LDCs.

In more recent years, with recognition of the narrow genetic base of many U.S. crops and the diversity of germ plasm in LDCs, many of them the original home of U.S.-grown crops, increased attention has focused on preserving that diverse material and its availability to U.S. agriculture.

Also, the growing agricultural research capacity around the world - - - 15 or more international agricultural research centers, national agricultural research systems in both the developed and advancing developing countries, and the growing number of intercountry commodity or topic research networks - - - suggest the U.S. is no longer the uncontested leader or

self-sufficient in agricultural technology.

Intensity of world competition in agriculture and dependence of U.S. agriculture on exports make it exceedingly important that U.S. agriculture have access to that diverse genetic material and technology, wherever it may exist or be developed.

U.S. agriculture must have world-wide technology and genetic material linkages to that technology; the Agency's programs can help foster those linkages.

There is mutual U.S. and LDC interest in the environment and natural resources. Rapidly expanding populations in the LDCs put intense pressure on the natural resources, in many instances, fragile resources. Intensive cropping and grazing may leave soil denuded much of the year, allowing soil erosion and resultant siltation of streams and reservoirs.

Demand for fuelwood has dissipated timber resources.

All the world's residents benefit from maintenance of the natural resources, the diversity of the genetic base, and a clean and healthful environment.

The U.S. also enjoys a comparative advantage in technology and management capability for the natural resources. Its research and educational institutions, its educated and experienced men and women, and its management systems are envied of the world.

This mutuality of interest - vast needs of LDCs and necessity of sustainable world environment match well the U.S. environmental interests and capacities.

Goals

During the past two years, a "focus statement" for the Agency's ARDN (Agriculture Rural Development and Nutrition) program was devised and has helped guide program development. That brief statement expresses the goals of the Agency's Food and Agriculture Program:

To increase the income of the poor majority,

And expand the availability and consumption of food,

While maintaining and enhancing the natural resource base.

Every program or project in the food and agriculture area is expected to have positive, direct or indirect impact for one or more (usually two or three) of the goals; negative for none.

These goals are central to assessing program success. With some projects and programs, impacts are short-term, direct, and traceable. Where demonstrable impact requires a long time, and this is common in development effort, progress indicators that are credibly related to the goals should be assessed.

Increasing income of the poor majority. Because LDC economic growth is essential in order to finance sustained human progress, and because income is the major determinant of food consumption among low-income people, increased real family income is the primary Agency goal.

The increased family income sought (real income to the households) includes both cash and non-cash, farm and non-farm, rural and urban. Though there is variance among LDCs in family income levels, all need higher family incomes to achieve the GNP that will provide the level and quality of goods and services people seek. At all income levels, income is the major determinant of human choices.

Emphasis is placed on increasing income of the poor majority because it is at the lower family income levels that increasing income has most beneficial impact on human welfare and food consumption. Where per capita income is \$50 to \$400, 50 to 60 cents of each dollar increase in income is usually spent for food. Increased income enhances food security for both the family and the country.

Food aid, whether provided in a school feeding program or maternal/child clinic to enhance nutrition, or used as payment for work, is also an income source. It frees money that can be used for seed, fertilizer, school books, or other items. It also builds human capital, through better health and education, contributing to later income growth.

Agriculture creates real income. It converts sunlight, human labor and the elements to consumable or salable commodities. Strengthening an agriculture system increases real income.

Income and the resultant demand generate employment. Employment generates income. Family income is both a component and a consequence of country economic growth.

Export income is also important to a country. Commodities or products for which a country enjoys competitive advantage can be exported. Exports generate foreign exchange, which finances imports that people want and need, contributing to that self-reliance every country seeks.

Expand Food Availability and Consumption. When caloric intake goes from 1200 per day toward 1500 or 2000 and the diet provides adequate levels of quality protein, iron, Vitamin A and other nutrients, the health, physical productivity, and mental productivity of men, women and children increase.

Food aid to low-income populations, government policies that stimulate and reward food production, agricultural research and education, efforts to preserve soil and water resources, and investments in roads to move both food and production inputs, all help.

Especially as incomes in developing countries increase, nutritional quality, food processing, and other consumption-enhancing technologies and industries warrant attention.

Whereas Vitamin A administration in certain geographic areas provides a temporary cure for night blindness, prevention of night blindness and the more serious consequences of prolonged Vitamin A deficiency will occur only when education, tradition, and vegetable supplies insure diets that are adequate in Vitamin A.

Absolute food self-sufficiency for LDCs is not a U.S. objective. Most countries' comparative advantages do not perfectly parallel their food demands. A country's economic status and progress are usually better served by exporting items for which it has a comparative advantage and importing those for which it does not. That helps a country achieve self-reliance in food and other goods.

Food self-sufficiency may be an objective expressed by an LDC country leader. In countries with a history of food shortage, that objective attracts much political support. But U.S. objectives emphasize food self-reliance --- assuring food security by utilizing both in-country production and international trade.

These first two goals point to opportunity for long-term increases in exports of U.S. agricultural commodities.

Maintain and Enhance the Natural Resource Base. That part of the environment that is the foundation for sustainable agriculture -- the soil, water, plant and animal species, essential minerals and other resources -- are under intense population pressure in most LDCs. Food aid can diminish that pressure, at least until technology, training, credit, genetic materials or other advances allow increased production and good policies to stimulate production and trade. Those policies and technologies can and must help preserve topsoil, soil nutrients and structure, rangeland, coastal water and marine resources, and forest land; and keep the water, streams, estuaries and lakes free from adulterants.

Effects on the climate and on the diversity of genetic materials must be positive or neutral, not negative, in both the short-run and the long-run.

The resource base can sometimes be enhanced. Imported phosphorus can be added to the soil; organic matter can be increased by alley cropping or minimum tillage and crop rotation. Fragile soils can be released from food grain production and returned to grass or trees in those geographic areas where technology allows meeting food needs by more intensive production without degradation on the better soils.

Directions

Countries are advancing. Many LDCs have made development progress and will make more.

Continued Agency effort toward increased production of basic food crops is still critical in many countries, but in others much progress has been made, in technology implementation, production systems, and research capability.

Technologies that will contribute most to increasing income and jobs when daily caloric intake is 2500 and per capita income is \$800 (technologies for animal protein production, food processing, packaging, and input agribusiness) will likely be different from those needed most when caloric intake was 1200 and income was \$65 (technologies for rice, root crops or wheat production).

Institutions whose strengthening will most impact income or other goals may be different as countries advance -- perhaps agribusiness organizations, market news and commercial banks, paralleling earlier efforts to strengthen farmer cooperatives or intermediate credit institutions for small farmers. Perhaps a strengthened vegetable or poultry research unit is needed to complement earlier food and feed grain research.

In some advanced LDCs, revised export/import policies may now have most effect on increasing GNP, after farm price policy changes have stimulated production.

In some developing countries (South Korea, Indonesia, Thailand, and Pakistan, for example), there has been real growth in family incomes, per capita food consumption has increased, diets are more diversified, and people now seek and can afford higher quality, more nutritious and increased quantities of processed foods. Food processing industries mean more employment. Consistent quality of processed food attracts foreign sales.

There are more opportunities for export and trade. That also can mean more jobs.

To continually have most impact toward the goals, Agency food and agriculture programs must move in the direction of LDC country advancement. Programs should move in these directions:

Toward sustainable agriculture
in all settings,

Toward animal agriculture, aquaculture and horticulture
as consumer incomes and demand rise,

- Toward food processing, packaging and distribution as urbanization proceeds,
- Toward consumption and nutrition enhancement as food supply becomes less of a limiting factor,
- Toward agricultural businesses as specialization increases in the agricultural sector,
- Toward private sector research and technology initiatives as incentives and capacity appear, and
- Toward international trade as comparative advantages become evident.

The Agency's food and agriculture programs must move as the greater opportunity for impact moves in each country. To contribute most toward the goals of income, availability and consumption of food, and status of the natural resource base, talent needs within the Agency will shift.

The directions outlined above do not automatically call for stopping or diminishing other Agency effort in a region or sub-region, or a country. And, unfortunately, some countries are not advancing in income and food availability.

But as development proceeds in an advancing LDC, the Agency must direct its food and agriculture efforts to help that LDC take the next step (increased production of animal protein, development of agribusinesses and food processing, for example), while that country assumes major responsibility for solidifying achievements in such areas as basic food crop production.

Critical in this issue is timing. The time to shift mission programs in each country or to close out major programs and shift resources to other countries, depends on many factors. The responsibility to assess these factors rests on both mission and AID/W staff, working closely with host-country leaders.

Operational Areas for Major Agency Investment

Agency experience, LDC needs, and U.S. interests point toward four operational areas where there have been and where there will be most positive impact toward the three goals of income, food availability and consumption, and status of the national resource base.

The four areas are:

Country policies,
that stimulate broad-based economic growth, food
consumption, and maintenance of natural resources.

Institutions,
that lead, educate and support,

Technology,
both development and transfer to users,

The private sector,
where creativity and motivation yield most economic
progress.

Investments in these areas, as countries advance, must be
increasingly in the directions outlined in the previous section.

Note that in discussions below for each of the investment
areas, investments in people are emphasized. It is largely
through advancing human capacity -- nutrition, health,
knowledge --- that countries advance. The United States has a
strong comparative advantage in education and training.

Country policies that stimulate growth. The correct price,
taxation or investment policies stimulate production, private
investment, trade, food consumption, and preservation and
prudent use of timber and other natural resources.

The Agency emphasizes graduate and continuing education in
policy concepts and principles, studies that identify needed
policy change, and dialogue and negotiation with food aid as an
incentive for policy change (coordinated with policy efforts of
the World Bank and other lenders).

Policy change is not easy, and there are risks, but the right
policies have positive ripple impact on the total development
process.

Institutions. This includes government units for data
gathering, policy making, budgeting, market reporting, building
and maintaining roads; farm-level and market level
organizations and institutions, indigenous PVOs, and industry
and business organizations; and education and research
institutions that a country can sustain. It includes graduate
and continuing education to enhance the knowledge, skills and
productivity of people who staff these institutions. Benefit
is long-term, perpetuating, and sustainable.

Technology development and transfer. The research and
education institutions mentioned above are central, but the

need also includes identifying and accessing technology that is available globally. It includes networking with international centers and other countries' research and education institutions, developing the tradition of investing in technology, rewarding scientists, and developing technology transfer systems that fit the country and its needs.

The Private Sector. Beyond government policies that stimulate growth, there is opportunity to strengthen private sector credit, contracting, marketing, management and standards of performance in most LDCs.

In many LDCs, government is considered the patron and provider; parastatals, that respond less to market signals, abound. Yet, creativity and motivation reside in people, and the private sector most effectively lets people contribute most to economic growth.

Joint and cooperative efforts with the U.S. Trade and Development Program, the Overseas Private Investment Corporation, and both LDC and U.S. private sector entities must be pursued.

Resources and Their Allocation

Whereas the U.S. invested about 2.5 percent of its GNP during the Marshall Plan years to help economic reconstruction and growth of Western Europe, only about 0.25 percent of U.S. GNP is invested today to help achieve economic growth of LDCs. Reconstruction of Western Europe was then deemed vital to the U.S.' economic future. Today, broad based economic growth of LDCs is vital to the U.S.'s future.

Increased U.S. investments for LDC development, especially in the food and agriculture sector, are clearly warranted to best serve both U.S. and LDC interests.

It is ironic that U.S. investments that can help develop trading partners in the world's most populous regions with the most consumption growth potential have been declining at a time when the U.S. is suffering prolonged and severe negative trade balance, our traditional agricultural export markets are mature, and U.S. agricultural production and export capacity remain awesome.

There will always be a limit, however, to appropriated dollars, local currency, and food aid as spendable development resources. Such limits dictate focusing Agency food and agriculture effort as outlined on previous pages.

The Agency will leave to multilateral lending agencies, because of their larger resources, the major role in capital investments in infrastructure, such as railroads, major road systems, major processing and manufacturing facilities, and

major irrigation systems. The agency will contribute to policy, management, and related issues where appropriate. It will defer to the private sector in those enterprises where potential reward adequately stimulates investment, such as intensive poultry and swine enterprises in some countries, but it will provide support to these sectors through policy, technology, institutions, and other means. It will depend on other bilateral and multilateral donors to pursue those endeavors for which they may have comparative advantage and available resources.

The Agency will assist infrastructure development in specific ways, such as supporting government investment policies, education and training, and in food for work programs.

Food aid deserves special recognition as a resource. Though there is often high cost to its use --- ocean transport and moving it in-country to target populations, inventory control and auditing its use --- some development experts point to instances where food has especially significant development impact. A Food-for-work project may improve family nutrition, serve as income transfer (money not spent for food can be used for seeds or school books) and build roads or plant trees.

In addition to insuring that family nutrition goes up, it may provide a family labor market (building the road or planting the trees) that would not otherwise exist. It is better to achieve a road that will serve community trade and culture than to give the food and have no road.

Food aid can be a disincentive to production. But its use has generally been and should be directed to programs and circumstances where it is not. Research by the International Food Policy Research Institute suggests many circumstances, in fact, where food aid can be sharply increased without disincentive effect.

Food aid can be also be used as a crutch by a receiving government that has not provided adequate policy or financial investment in agriculture.

Dependability and consistency in resources, in both dollars and food aid, are also important. Development is a fragile process; continuity is critical. Each development step builds on the previous step. Interruption --- of either dollars or food aid --- is costly, to both the process and to the LDC leaders and their people. At all levels, confidence that the next step can be taken adds motivation to taking the first step, whether it is building an experiment station, a road, or a government policy. Multi-year food aid agreements (subject, of course, to appropriations and food availability) can enhance that confidence, at least paralleling the confidence that exists in the case of Development Assistance or Economic Support Funds.

Resources also include contractors and grantees --- universities, private voluntary organizations, cooperatives, corporations, associations, and others --- which help the Agency get its job done.

Rapid urbanization in LDCs prompts the question if Agency resources now assigned to the agricultural sector (including rural development, nutrition and natural resources) should not be shifted to the needs of the masses of people in large urban centers, such as health, water, sewers, streets, and education. Large needs certainly exist, but moving resources from the agricultural sector is strongly advised against.

The overriding purpose is development. Investments in urban centers tend to be largely consumptive, with more humanitarian and less development impact. Investments in the agricultural sector focus on the starter engine for economic growth --- food production and availability, the input, processing and support industries, policies that stimulate development and infrastructure that supports development. Some of the money and food is spent, of course, in market towns and urban centers (input and processing agribusiness, credit institutions, policy setting, research and educational institutions, and food aid.)

Another issue is relative allocations to competing countries. It is clear that some countries have less development promise and that in others a given investment will likely yield more in income growth, growth in food consumption, benefit to the natural resources, and advancement in international trading status. Country allocations should be heavily influenced by these factors.

Resource limits dictate that the Agency organize and do business in a way that makes most effective use of those resources and the talents -- well equipped men and women -- they provide.

There is another very important personnel issue. The perception is strongly held, both internally and externally, that there is far too much dependence by the Agency on external contractors for expertise, gathering and collating data for management, designing strategies, and recommending priorities.

Either the expertise is lacking, is too busy with process, or doesn't have the confidence, continuity, and management structure to effectively carry out these tasks.

Personnel

An Agency-wide analysis of food and agriculture personnel, financed by the ANE bureau and covering about 300 agriculture, natural resources, rural development and food for peace backstops (about 265 FS, 25 GS and 10 AD or IPA), reviewed

their training, experience, promotion rate and other key factors. Among significant findings:

1. There is an experience gap in the upper mid-level ranks. Sixty-nine percent of agriculture officers, for example, have 10 or fewer years of Agency experience; 25 percent can or will retire in the next five years.
2. The proportion of these four backstops (professional categories) to total Agency professionals hasn't changed much during the 1980s.
3. Recruitment has been driven by replacement of those departing rather than by future needs.
4. Though promotion rates of agricultural officers below the senior foreign service level are comparable to those for other categories, promotion of these and other technical specialists into the senior foreign service has been at a lower rate. Beyond that, the perception is that management responsibilities held by agricultural officers, especially in larger missions, "are not given the proper amount of weight when assessed for impact against mission colleagues in other career fields, especially program and project development."
5. The report suggests that agricultural officers may be "viewed as stereotypes with specialized backgrounds and narrow focus" and this "could impact on the assessment -- in the competitive promotion process."

It is relevant to note that agriculture and related staff, and the handling of agriculture and related matters --- policy, technology, food for peace, project review, etc. -- are dispersed through the Agency, and that Backstop 10, 14 and 30 (agriculture, rural development and natural resources) personnel are concentrated in TR (DR in LAC) and S&T. There are 15 food for peace personnel in FVA.

It is also noted that very few persons of these backstops are in a position of office director or above, and that five of the last seven persons named to the top related non-political-appointment positions (Agency Director for Food and Agriculture, Human Resources, and Energy/Natural Resources) were not promotions from within. Though three members of the Food and Agriculture Task Force, largely DAAs chosen because of their senior positions and broad responsibilities in the Agency, have had intensive experiences with food for peace, none of the members have come from any of the related subject matter backstops.

Because there is no Agency-wide organizational focus for food and agriculture, there is no visible advancement cone that readily accepts and utilizes the combination of management skills and sector perspective that develops in capable professionals.

The report mentioned above noted that "without the recognition of critical management accomplishments and/or training to broaden their skill base, specialists will continue to move to generalist areas in their quest for promotions and greater recognition and rewards."

Career advancement potential and willingness to stay with the Agency certainly affect the quality, maturity and seniority of professionals.

Another issue here is the perspective brought to Agency decisions and, therefore, the factors that may be considered in decisions. Perspective can be limited by the predominance of subject matter disciplines or orientation among senior Agency staff and decision-makers.

There may be a parallel in the U.S. private sector. In the 1960s, management experts noted MBAs and generalists helped companies succeed. More were needed in private industry to focus on long-term financial and management strategy, weigh competitive investment opportunities, and take tax and other laws into account to maximize return on investment. During the 70s, MBAs had a seller's market.

Today, management experts say the best run companies generally have people in the top spots who know their products, who have come out of sales or technology. Perhaps the pendulum swung too far.

These two issues --- balance and breadth of input to management decisions and perceived opportunity of technical people to impact decisions and to be promoted are critical to personnel strength in the Agency.

Working Relationships with U.S. Agriculture and Natural Resources Interests

To best advance the mutual interests of the U.S. and LDCs, the Agency must have an open and constructive relationship with U.S. interest groups. This is especially important in the case of U.S. agriculture, because food and agriculture are so critical to LDC development, and because U.S. agriculture sorely needs expanded export markets.

A parallel need exists in relationships with U.S. environmental and natural resources interests. U.S. citizens have a high level of sensitivity and concern for the world's environment and stability of the natural resources. They recognize the fragility of the natural resources, especially in most LDCs, and the intense population pressure on these resources.

They are willing to invest time, attention and money to help insure that development efforts foster sustained development, prudently using the natural resources for the current generation, but also preserving and enhancing them for use by succeeding generations.

It is appropriate to review some of the interests of U.S. agriculture and how they mesh with Agency interests and goals.

Grain and soybean producers and handlers want larger export volume in the near term, then in the long term.

Livestock and poultry groups want to export breeding stock semen, embryos, or day-old chicks.

Processors and baggers want a high proportion of exports to be "value-added."

The Agency cannot, of course, fully rationalize differing interests and goals of various groups.

Significant is the fact that individual commodity groups are more concerned about their commodity -- their share of food aid and specific LDC competition with their commodity -- whereas the aggregate agricultural community would be more concerned about the total agricultural export volume. The aggregate community should also show relatively more interest in the long-term volume.

In addition to goals of increased income and consumption, and status of the natural resource base, the Agency's interests are more long-term, with clear emphasis on sustainability.

The interests are generally mutual, but the mutuality is not always apparent. Financial stress in U.S. agriculture and some individual commodity anecdotes in the early 80s suggested sharply conflicting interests.

Even specific, apparent conflicts are usually not complete or universal. For example, U.S. food processors' interests in "value-added" food aid conflicts with the general Agency objective to move most calories at lowest cost -- raw grain. But many food aid programs, such as for schools or maternal/child health clinics, prescribe cereal/dried skim milk blends, and reports of nutrient deficiencies appearing among long-time residents of refugee camps dictate attention to fortifying emergency rations.

Because agricultural commodity group support for food aid is a good base for expanded interest in and support to all development programs, it is important that regard for the Agency's management of food aid programs by these groups be high. FVA has worked hard to insure a stronger role by the regional bureaus, that proposals be complete and well documented, that most proposals be presented and approved well before the beginning of the fiscal year and to maintain good communication with commodity groups and contractors.

Recommendations

Two premises are self evident: 1) The Agency's structure, staffing, procedures and behavior should serve its mission and help achieve its goals. 2) Staff satisfaction and morale are highest when that occurs.

Recommendations pertain to those items where it is perceived that improvements are needed and changes can be implemented.

General Program and Organization

It is recommended that:

- 1.* The Food and Agriculture goals, directions, and operational areas of investment as outlined in this document be articulated in both internal and external documents, used as a basis for orientation and training of staff, and used as guidance in program design, implementation and evaluation.
2. The Agency establish a single, central unit for food and agriculture, to provide coordinated leadership and support focus for the sector and also a personnel advancement cone for professionals.

The Unit should have sufficient budget for food and agriculture functions of: a) policy, planning and strategy, b) liaison and coordination with other development donors and lenders, including goals, directions, operational areas for investment and food aid, c) project classification and data bank, d) science and technical support projects, e) liaison with International Agricultural Research Centers, f) liaison with U.S. agricultural and natural resource interest groups, g) liaison with BIFAD and with nutrition, food, agriculture, and natural resources units of universities, h) liaison with USDA and the DCC subcommittee on food aid, i) coordination of Agency involvement in the Agricultural Trade and Development Mission program (ATDM), j) support to any inter-bureau food and agriculture sector

groups or councils, k) liaison with the personnel office and regional bureaus to achieve maximum education and experience for technical staff, l) support to private enterprise functions as well as efforts of the Trade and Development Program and the Overseas Private Investment Corporation (OPIC).

The recommendation includes the provision that appropriate technical staff for the geographic management function be budgeted and administered, as is now the case, in regional bureaus, but that they also be considered "members of the staff" or "courtesy staff members" of the central unit for the purpose of insuring full weight of input to and coordination of the Agency-wide subject matter functions. Regional bureaus and missions should retain budgets and responsibility for in-country projects, regional consulting support and buy-ins to central support projects.

This structure may accommodate the functions now performed by related sector councils. Should continuation of sector councils be deemed appropriate, there should be a single council with membership assuring representation and communication among both bureaus and disciplines, including nutrition. Recognizing that interbureau attention to individual subject areas is needed, such as the natural resources, nutrition, or other, special or ad hoc groups can and should be formed as needed to review projects or coordinate activities.

This recommendation, in addition to rationale implied by functions outlined above, is based on two principles for an organization with responsibility for delivering either services or products over a wide geographic area: 1) A strong geographic management structure is essential to accommodate the unique needs of each target area; 2) A strong subject matter or product oriented management structure is essential to provide leadership in service or product development, research, quality control, and supporting the service or product in the field. It also must relate the service or product to central management, cooperators, funders, and the public.

The Agency has a strong geographic structure; it does not have a strong subject matter or product (food and agriculture program) structure.

- 3.* The Agency bring personnel at all decision-making and budget allocation levels to the point that they fully recognize and consider food aid a development resource paralleling DA or ESF in value. This calls for equivalent coverage in budget planning documents, abandoning the current tendency to use food aid as a "fill in" to replace

shortages of DA or ESF, rewarding Agency officers who excel, and providing program management staff in accord with the dollar volume and physical volume of food aid. On a relative basis within the Agency, the food aid function is now understaffed.

4. The Agency identify, in cooperation with USDA, those LDCs with highest odds and potential for following the 23 advancing LDCs that increased imports of agricultural commodities in the 1970s, and identify priority areas for Agency effort --- both food aid and agricultural development programs --- in those identified countries. This is an important issue for the regional bureaus, mission directors and ADOs, and for the outside program panel mentioned in Number 19.

Because progress in those identified countries will certainly involve increased agricultural production and efficiency, the Agency should work with USDA, other research entities, and U.S. industry groups to assess that production potential -- acreage of good soil water and other resources -- relative to consumption potential, and the nature and degree of competition with and benefit to U.S. agriculture that might be anticipated.

- 5.* The Agency continue constructive and productive participation in and follow-through to the agricultural trade and development missions handled in cooperation with USDA and State.
6. In missions, those food aid functions that relate to agriculture and rural development be either consolidated with agriculture and rural development in a single office, perhaps identified as Food and Agriculture, or that there be specific provisions for mutual involvement by food aid, agriculture, nutrition, and natural resources staff in planning development use of food aid, for coordination of related programs and policy efforts, and for utilization of generated local currency.
7. In AID/W, the Food for Peace regional divisions be linked in some way with the agricultural, nutrition, rural development and natural resources divisions of each regional bureau, perhaps incorporated in a Food and Agriculture office in the regional bureaus. This could help simplify and make consistent mission communication with

AID/W and would help provide for parallel handling of the development features of food aid projects and those financed by DA or ESF. The budget responsibilities of a regional bureau DP (Development Planning) office are recognized, and these would remain with DP, as is true for DA and ESF.

8. * Within the science and technology area, whether or not Recommendation 2 is implemented, agriculture, rural development, nutrition and natural resources should be part of a single organizational unit, with appropriate sub-units. This single unit could be headed by a DAA or Agency Director. This would ease communication with regional bureaus and missions, diminish risk of functional or project overlap, and reduce administrative layers.
9. The significant work of private voluntary organizations as implementors of U.S. food aid programs and managers of important agricultural development programs be linked by the Agency with the food and agriculture offices of the missions and AID/W. The structure of this linkage should be developed.
- 10.* The Agency utilize some existing industry group or groups, such as the Agricultural Policy Advisory Committee established by Congress to advise USTR and USDA on formulation of agricultural trade policy or groups that may form for other purposes, as two-way communication links between the Agency and agricultural leaders.

The Agency should similarly utilize existing environmental and natural resources interest groups as two-way communication links between the Agency and interest group leaders.

Through such groups the Agency can receive input to make programs most effective and can inform leaders about goals, directions and impacts.

11. The international agricultural research centers receive continued strong Agency support. These centers are world-wide and multilaterally financed, relatively protected from external pressures that would dilute or divert resources, and sufficiently focused to allow substantive and continuing contribution to LDC needs.

Though there is still world-wide need for more calories, hence continued emphasis on and investment in basic food crops research, there should be increased investments in such centers as ISNAR (to strengthen LDC research and extension institutions) and AVRDC (vegetable research) to help accommodate the needs of advancing LDCs and the food and agriculture program directions listed earlier.

The Agency should more fully utilize scientific liaisons and judgements from regional bureaus and missions in its input to Center priorities and program directions. To insure that Agency staff are continually in tune with this system, Agency liaisons to the Centers should provide appropriate mission and AID/W staff timely information on U.S. investments in the Center programs and Center priorities, accomplishments, and program changes. Agency liaisons to the centers should also encourage Center staff to communicate and work closely with in-country Agency staff wherever possible.

Food Aid

It is recommended that:

12. The Agency determine the appropriate volume of food aid that should be sought for economic development (and emergency/disaster) purposes, consistent with development principles and experience, and which can be realistically administered under current law and policies. It should also determine what changes in U.S. laws, policies, or staffing that would be needed to accommodate such use, with increased relative emphasis on achieving and measuring impact.

This recommendation in no way contradicts, and in fact supports, the important market development and other functions of food aid.

- 13.* The Agency Administrator meet at an early opportunity with the Secretary of Agriculture and counterpart members of the Development Coordinating Committee, and that the Committee charge its Food Aid Subcommittee with:
 - a) developing guidelines to be followed by the subordinate working group(s) for food aid allocation criteria, categories of use, and other factors that will encourage and make it easier for the agencies to achieve maximum development impact from food aid. These guidelines should include approval of food aid proposals 60 days before the beginning of the fiscal year.
 - b) Insuring that working group designees by each Agency be senior staff who support the multiple functions prescribed for food aid, and that each member actively function on a continuing basis, not routinely assigning the working group function to subordinate staff.

- c) Defining the coordination and guidance role of the working group(s).
- d) Outlining the roles of USDA and A.I.D. in administering the several programs, clarifying that administration, including communication with field staff, is the role of the two administering agencies.
- e) Sharing with all related publics --- commodity groups, shippers, PVOs, and others --- the guidelines, roles, and modes of operation.

Beyond these general but very important issues, it is recommended that the working group(s) meet a least once and preferably twice each year in a developing country to review as a group on-going food aid programs and their development impacts, and to discuss with host country, USDA and Agency personnel issues related to management and operations of the programs.

This recommendation acknowledges that there are necessary macro-budget and policy coordination roles (in contrast to the administering role) played by all agencies that are members of the DCC and working group(s).

- 14.* Continue to handle food aid proposals with sufficient dispatch, consistency, professionalism, and open communication that commodity groups, contractors, and other involved agencies would volunteer, "We may disagree on proposals or the final decision, but A.I.D. is always well prepared, proposals are well presented and documented, communication is complete, and the Agency behavior is as consistent and predictable as could be expected, considering its responsibilities and relationships with recipient countries. We rarely get surprised."
- 15. The Agency seek refinement of PL480 legislation to simplify and articulate in a more clear manner the continuum of food aid programs supported by the American public for humanitarian, economic development, market development, and other functions.

Mission and AID/W Operations

It is recommended that:

- 16.* Food and Agriculture staff, both in missions and in AID/W be aggressive in their communications and cooperation --- perhaps meet regularly --- with other donors, with multilateral lending agencies, and with other U.S. economic development efforts. Especially in-country, this is more possible and desirable because of continuing mission presence.

17. Mission agriculture staff be involved and carry some responsibility for initiation, support, and coordination of Agency private enterprise efforts and the work of the Trade and Development Program and the Overseas Private Investment Corporation which are so complementary to the agricultural development function.
- 18.* Guidance to new mission office heads and directors emphasize that program continuity and persistence toward established, reachable objectives is expected and merits high marks in personnel evaluation. Such guidance would complement a 1985 cable to mission directors. It should be institutionalized in Agency documents and be well known throughout the Agency. Such guidance is needed, not only because program continuity is essential for maximum project impact toward goals, but also because of both pressures and temptations to respond to "the latest that is in favor," and because of both internal and external perceptions that high motivation exists in these positions to put each leader's "stamp" on a mission program by replacing an inordinate number of projects.

The recommendation is not intended to inhibit needed change.

19. Missions (in some cases, sub-region mission groups) consider establishing an outside program panel (external to the mission but including some Agency people with in-country experience and perhaps host and private sector country people) to provide guidance and continuity to food and agriculture programs. Membership could be for a term of years, but with some rotation, and would include people who have close familiarity with and dedication to that country's development.

Because Agency operations generally provide three to four year personnel rotations, many to other regions, such assistance could aid continuity, assure program direction response as a country advances, and help provide, through the Agency members, an institutional history of program impact.

This would also allow more complete utilization of Agency staff who have long term familiarity with given countries. It could also add strength and credibility to assessments of agricultural development potential and judgement regarding country resource allocation.

- 20.* The practice be established that for most mission, regional or Agency food and agricultural sector program review teams, Agency staff select and include at least one person who is an elected or employed officer of a national or major state agricultural or

natural resources group, a private sector subject matter specialist, a state agriculture or natural resources commissioner, or a state or area extension specialist.

- 21.* There be increased communication with contractors, by both mission and AID/W personnel, to insure that contractor staff are aware of mission/Agency policies, directions, priorities, and handling of problems. In an LDC and in the U.S. this will enhance the feeling of mutual interest, ability to support the program, and presentation of a coherent posture.

Personnel

It is recommended that:

22. Agency criteria and guidelines on promotion of technical staff to and within the Senior Foreign Service be modified, and experience tracks be provided to allow a reasonable proportion of food and agricultural professionals to qualify for and be moved into senior ranks. In this process, a comparison with guidelines for technical people in other federal units guided by the same law -- State, USDA (both FAS and APHIS), Commerce, and USIS --- would be appropriate.
23. Personnel classification "backstops" 10 (agriculture), 14 (rural development), 30 (natural resources) and 50 (nutrition) be combined and that increased emphasis be placed on the subject matter qualifications at the time of employment and in continuing education of staff. This would be consistent with the Agency decision to not hire new staff in Backstop 15 (Food aid) but to provide a "certification level" of training for persons of any backstop who have significant food aid responsibilities.

There are now relatively few persons in Backstop 50, nutrition. Consolidation of the other three has been recommended by others in order provide more assignment flexibility and promotional opportunity for personnel.

The Agency should recruit new professional staff within these backstops to meet future needs. It sorely needs persons educated and experienced in input agribusinesses, aquaculture, horticulture, animal agriculture, food processing, and international agricultural trade. The Agency must accumulate the skills and talents needed for the food and agriculture programs' goals and directions.

To help meet the latter need, the Agency should also provide more long-term and short-term education of current staff, including graduate study, detached service assignments in international centers and universities; and

experience in policy analysis, agricultural business, natural resources, food processing and international trade. This would be beyond current long-term training practices, would specifically take into account that 21 staff in the four backstops (7 percent) are on complement this fiscal year. Reducing numbers on complement could allow increasing, at any given time, the number gaining needed education and experience.

Operating Effectiveness

It is recommended that:

24. Travel funds available for scientific and technical support personnel be sharply increased, to allow increased technical support to missions, monitoring of contractors, and relating to clientele groups. The increase recommended is from a currently financed travel of about 15 days international and six days domestic total per fiscal year to a level that would provide transportation and per diem for 56 days (40 working days and 16 weekend travel days) of international travel (two weeks per quarter) and 10 days of domestic travel per year.

At present, travel funds and policy limit S&T's and regional bureau's support value to missions, contribute to perceptions (and perhaps reality) that research and technical support priorities are not responsive to mission and regional bureaus needs. Fund shortages and policies necessitate missions using outside consultants and by-passing often preferred Agency help (and miss giving these people the acquaintance with mission programs they ought to have) because operating expense funds are limited and program funds can be used only for outside consultants. They also limit staff contact with leading scientists and thinkers in their disciplines, domestic and university contractors, and U.S. industry and interest groups.

This recommendation applies to technical people in regional bureaus, in S&T, and in missions, whose expertise may be needed for project related work in other missions.

To achieve this, increased appropriations may not be needed. The solution may lie in removing Congressional constraints on using mission program money to bring AID/W staff to the country, changes in Agency policy or allocations, or even reducing personnel to free money for travel.

Where the money is available is a second issue. A significant portion in the missions would insure travel most responsive to mission needs.

25. Every professional work station be equipped with a computer that has direct linkages to mission and AID/W personnel for transmittal of data, correspondence, queries, and messages; a phone with message recording device; and convenient access to copying and telefaxing equipment.

Each professional work group should have secretarial support for the receptionist, meeting arrangement, and other support functions.

The Agency phone book and directory should list for each employee the office, telefax and home phone numbers.

Communication with External Groups

It is recommended that:

- 26.* The Agency designate one staff (and one alternate) to maintain regular communication with officers of each key U.S. agricultural commodity groups, such as the U.S. Corn Growers, Wheat Growers, U.S. Feed Grains Council, Florida Citrus Commission and National Cattlemen's Association, comparable to existing communication links with the American Soybean Association.

Communication areas would include related development projects, food aid, work at international research centers, advances by LDC national research systems, LDC production trends, LDC sources of genetic materials, and LDC income and food consumption trends.

- 27.* The Agency continue to allocate a significant proportion of Biden-Pell development education funds to agricultural and related food, agribusiness, and natural resources audiences. (A total of \$2.5 to 3 million has been available in each of recent fiscal years.)
- 28.* The Agency, through mission staff and contractors, annually publish a limited number of project reports or fact sheets that document the extent to which programs in food and agriculture have directly or indirectly contributed to the goals of increased income, food consumption and status of the natural resource base, and evidence of resultant benefit accruing to the United States.
- 29.* The Agency arrange 40 speeches per year to national, regional and major state groups on the above topics, five or more to be given by the Administrator and 10 or more by AAs and DAAs, to inform the groups of programs and relationships and to allow top Agency officers to receive feedback and maintain sensitivity to mutual US/LDC interests.