

STRENGTHENING THE U.S. GOVERNMENT'S CAPACITY
IN AGRICULTURAL DEVELOPMENT

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I. INTRODUCTION

We were asked to assess the U.S. government's institutional capacity for carrying out agricultural development programs, to identify and assess issues that may limit capabilities, and to come up with recommendations for appropriate actions to strengthen institutional capacity for carrying out development programs of the future.

While both the "Food and Agriculture 2000" Task Force and we recognize that a number of federal agencies are involved in cooperative programs with other countries, it was suggested that we concentrate on the institutional capacities of the Agency for International Development (AID) and the U.S. Department of Agriculture (USDA). This is what we have done.

In carrying out our assignment, we first studied the Task Force's draft concept paper to obtain background and assumptions that were relevant to our task, and we reviewed recent studies of the U.S. foreign aid program to ascertain whether any of those findings would be useful.

Then we interviewed about 30 staff at mid to senior level positions in AID, Board for International Food and Agricultural

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Development (BIFAD), USDA, World Bank, and elsewhere. From them we obtained information on recent trends and current capacity of AID and the USDA to conduct agricultural development programs as influenced by staffing, budgets, organizational arrangements, and other factors. Most importantly, we asked our interviewees to identify and discuss major issues related to actions needed to strengthen the agencies' capabilities.

We also studied a number of reports and other materials provided to us by the various AID and USDA offices. After analyzing the all of the information we had gathered, a number of the most knowledgeable people we had identified reviewed our facts and findings. Their contribution is much appreciated.

In our paper, we first address the international program rationale and objectives of the two agencies, and their constraints on conducting agricultural development programs. We then move to some discussion of actions needed to relax the constraints, and end with some specific recommendations for strengthening institutional capacities.

The "Food and Agriculture 2000" Task Force¹ was organized in response to concern of its sponsors that development agencies around the world are de-emphasizing agriculture and directing their investments to other sectors of the economy. That shift in emphasis is perceived to be misguided. It ignores the world food problem. And it fails to recognize the critical role agriculture plays in most Third World countries in economic growth generally and in distributing the benefits of economic development in favor of the poor specifically. We know now from experience what and how to promote agricultural development. There are many examples of successful agricultural development in low, as well as high income countries.

In view of the above, the goal of the Task Force is to provide a more effective strategy for the future that recognizes the key role of agriculture in economic development. We hope our paper will be helpful to the Task Force and will contribute to the strategy it is developing.

II. AGRICULTURAL DEVELOPMENT RATIONALE AND OBJECTIVES

This part of our report provides an overview of the current rationale and objectives of the AID and USDA with regard to agricultural development.

A. Rationale and Objectives for AID Agricultural Development Program

The September 1990 "AID Mission Statement" (Annex A) provides the most current overall statement of the Agency's objectives. It is the first such statement since Administrator Roskens was appointed and confirmed in April 1990.

Its introductory paragraph reads:

"The Agency for International Development administers economic assistance programs that combine an American tradition of international concern and generosity with the active promotion of America's national interests. AID assists developing countries to realize their full national potential through the development of open and democratic societies and the dynamism of free markets and individual initiative. AID assists nations throughout the world to improve the quality of human life and to expand the range of individual opportunities by reducing poverty, ignorance, and malnutrition."

The statement does not discuss "how" AID is to carry out its mission to reach these objectives, and so makes no reference, per se, to agriculture or education or health. However, it does mention "responsible environmental policies and prudent management of natural resources" as a guiding principle.

The May 1982 AID Policy Paper, Food and Agricultural Development (Annex B), the November 1983 AID Food and Agriculture Strategy (Annex C) and the Agency's May 1987 Food and Agriculture Focus Statement (Annex D) are considered to be the Agency's definitive statements on the rationale and objectives for agricultural programs².

The "policy paper" and "strategy paper" both state:

"The objectives of the U.S. food and agricultural assistance are to enable countries to become self-reliant in food, assure food security to their populations and contribute to broadly-based economic growth. These broad objectives entail two major sub-objectives, namely: **increased food availability, and improved food consumption in rural and urban areas.**"

"Food and agricultural development will concentrate on four areas:

- o improving developing country policies,
- o strengthening human resources and institutional capacities with special emphasis on science and technology,
- o expanding the role of the developing country private sector and the complementary role of the U.S. private sector in assisting that expansion, and

o integrating all available assistance instruments, including PL 480 food aid."

The "focus statement" reads:

"The focus of the Agency's Agriculture, Rural Development and Nutrition program is to increase the income of the poor majority, and expand the availability and consumption of food, while maintaining and enhancing the natural resource base"

The March 1989 report of the Agency's Food and Agriculture Task Force, led by Duane Acker, entitled Food and Agriculture: Goals, Directions, and Operations for the 1990s (Annex E) has provided more recent guidance to the Agency in implementing its food and agriculture programs. Fourteen of its 29 recommendations were approved by Administrator Woods. It reaffirms the validity of the "focus statement" for the 1990s and calls for continued major attention and investment by the Agency in food and agriculture.

In addition to the Agency statements, each of the regional bureaus has or is formulating agricultural development strategies that emphasize support of private sector activities in marketing, processing and transportation for both domestic and export markets, with less attention to research, extension, and education for increasing production than in the past.

These definitive Agency statements on the rationale and objectives for agricultural programs are intended to provide guidance for the regional bureaus and field missions to use in formulating their goals and strategies. Yet, it is the current practice of regional bureaus and mission leadership to generally ignore this guidance. So in practice, there are no clearly perceived current food and agricultural goals and strategy at the Agency level. The regional bureau goals and strategies provide more specific guidance to missions and are more clearly perceived.

And there are usually more detailed goals and strategies at the mission level that have been approved by the regional bureaus. There are some 60 field mission goals and strategies being implemented. For the most, part these are consistent with the broader regional bureau goals and strategies.

B. Rationale and Objectives for USDA's Agricultural Development Program

The primary mission of the U.S. Department of Agriculture is to assist the domestic U.S. agricultural industry and the consumers it serves. Much of its work with other countries (developed and developing) has had the goal of helping U.S. agriculture become more competitive in relation to other countries, promoting export of U.S. farm products, complementing domestic research programs, and coping with disease and insect problems that might originate in other countries. As secondary goals, the Department has had an interest in world economic growth and in improving the condition of low income people in developing countries.

Current objectives of the USDA agricultural development programs as outlined to us by several Departmental administrators are as follows:

1. Creating or improving markets for U.S. farm products through export market development.
2. Scientific exchange, including achieving global access to technology and germplasm for U.S. agriculture.
3. Carry out collaborative research to support the priorities of the U.S. and cooperating countries.

4. Humanitarian goals of helping improve income and nutrition of people in poor countries.
5. Helping promote democracy by assisting countries that are now trying to make this transition.

Prior to the inclusion of Section 1458 in the Food and Agriculture Act of 1977, the Department had few specific authorizations for international development work. Section 1458 as revised in the farm bills of 1981 and 1985 focuses on international food, agriculture, and related research and extension. Its major provisions authorize the Department to:

1. Coordinate with institutions throughout the world performing agricultural research and extension by exchanging scientific information and germplasm and by conducting joint research and extension programs on problems of significance to U.S. agriculture.
2. Assist AID with research and extension programs in developing countries.
3. Work with developed and transitional countries on research and extension, including providing technical assistance, training, and advice and stationing scientists at national and international institutions in such countries.
4. Assist U.S. universities in strengthening their capabilities for research and extension relevant to agricultural development in other countries.

The 1990 Farm Bill, presently before Congress (September 1990) reaffirms and strengthens the authorizations for USDA work in the international area. Among other things, it contains a proposal for

International Science, Education and Development (see Annex H). It urges further development of a global agricultural system recognizing both that (1) transfer of technology and plant and animal germplasm from other countries can benefit U.S. agriculture and (2) the skills and talents of U.S. agricultural scientists can help speed the process of development in many countries of the world. Both the House and Senate versions of the bill call for strengthening the Department's international research, extension, and education programs.

The NASULGC International Committee on Organization and Policy (ICOP) has taken the leadership for an International Agricultural Program Initiative (IAPI). IAPI has components for research, extension, higher education, and the National Agricultural Library. The initiative calls for requesting \$25 million for these four programs in the budget for FY 1992. The initiative relates more to work with developed than with developing countries, and emphasizes the self-interest of the U.S. The strengthened authorizations in the Farm Bill cited above set the stage for the initiative, and the initiative is supported by the Secretary Yeutter and Assistant Secretary Hess.

Currently USDA's international objectives and programs are in a state of transition. The Department faces uncertainties related to the budget outlook, pending authorizations and initiatives, and the role that AID wants the Department to play in collaborative programs.

III. CONSTRAINTS TO REACHING OBJECTIVES

This part of our report discusses AID's and USDA's major constraints to reaching their current objectives in agricultural development, as well as any expanded role in agricultural development as envisaged by the "Food and Agriculture 2000" Task

Force. These constraints were identified during our interviews of AID and USDA personnel, our analysis of those interviews, and other information made available to us.

A. AID's Major Constraints to Reaching Its Objectives in Agricultural Development

1. Ambiguity Regarding the Role of Agriculture in AID's Program

Over the past three years, there has been considerable debate within the Agency with regard to the appropriate role of agricultural development in AID's total program, as well as the Agency's definition of agriculture.

Until recently, agriculture was the leading sector in the Agency's Development Assistance program. It was understood that agriculture is what the majority of developing countries need most and what the U.S. is best equipped to provide. Now a number of persons in the Agency's key leadership positions believe that the era of major support for agricultural development has passed. They favor using AID's resources to support U.S. foreign political objectives, or developing country policy reform directed at structural adjustment, or private sector development, over technical assistance to strengthen the capacity of host country institutions.

A minority, who tend to be the more experienced Agency's leaders, still favor major attention to agriculture in recipient countries where the agricultural sector provides the largest contribution to GNP and employment. Based on the history of economic development, they believe that agriculture must be the engine for stimulating sustainable, broad-based economic growth in most of AID's host countries, especially the least developed. But

some favor AID moving from support of research, extension, and education/training to direct investments in natural resource conservation, sustainable agriculture, and various types of agri-business activities.

The economic rationale for investments in agricultural development vis-a-vis other investments is not being developed in AID. No one is trying to demonstrate that there is a high payoff for investments in agriculture, and that the marginal return on investments for agricultural development is higher than other sectors. Agri-business is receiving much more attention, yet no one is looking at the distributional impacts of AID-supported agri-business initiatives. There is skepticism about further commitments to institution building activities, as these are long-term and are perceived to have uncertain payoffs.

There appears to be no Agency definition of agricultural development that has wide spread acceptance in the Agency at this time. At issue is how broadly it should be defined; how much and what part to include of rural infrastructure, natural resources, environment, energy, agri-business, processing, trade, and policy work - in addition to the traditional agricultural production and marketing activities.

AID officers report over three years of "drift" and "balkanization" by the regional bureaus - since Administrator McPherson moved from AID to Treasury. This has contributed to diverging perceptions of the role and definition of agricultural development in the Agency. It is to Administrator Roskens' credit that he is focusing on management and "pulling the Agency together."

2. The Operating Expense Account Funding Squeeze, Earmarking, and Other Budget-related Issues

The operating expense (OE) account funding squeeze³ has severely crippled the Agency in general and its technical program support especially. Direct hire agricultural staffing levels have declined. Funds for direct hire travel to provide technical support to missions and monitor contractors and work with clientele groups have decreased precipitously. And funds for additional support staff and direct hire specialized short-term technical expertise and travel are extremely scarce. Finally there are few funds for needed office equipment, including computers, copiers, and telephone and telefax machines.

Travel fund shortages and sometimes Agency and bureau policies that limit technical staff travel contribute to perceptions that central bureau research and technical support priorities are not responsive to mission and regional bureau needs. Missions use program funds to hire outside consultants because OE funds for the travel of AID direct hire staff are not available. Thus AID/W direct hire staff miss opportunities to work in and build close relationships with mission personnel and programs. The scarcity of OE funds for travel also limits staff contact with leading scientists in their disciplines, as well as with university and private contractors, and U.S. industry and interest groups.

It is clear that total Development Assistance (DA) funds for agriculture have declined in real and relative dollar amounts over the last decade, while dollars for agriculture from Economic Support Fund (ESF) and from Development Fund for Africa (DFA) (since 1988) have increased. It is unclear whether the increases in ESF and DFA offset the decreases in DA. Of concern to most of the agricultural development community is that the number of agricultural "institution building" research, extension, and education/training projects has declined significantly in recent

years. On the other hand, a part of the local currency generated from ESF, DFA, and food aid is used to support host country agricultural institutions. The host country uses of local currency generations are not monitored on a sectoral basis, so the magnitude of this support for agriculture or any other sector is not known.

The most often cited reasons for the decline are:

Budget earmarking by Congress has reduced 103 (Agriculture, Rural Development and Nutrition or ARDN) account funds available for agriculture. As earmarked funding levels for various other activities increased, the residual available for agriculture declined. Because of the Executive Branch policy opposing all earmarking, BIFAD and other interest groups desiring agricultural development have not been in a position to support earmarking whether they wanted it or not.

The **Bumpers Amendment of 1986**, precipitated by the U.S. soybean and corn commodity groups, has also contributed to the decline of the 103 Account funds available for agriculture.

Many of the Agency's newly appointed leaders⁴ have a pro-private and by inference an anti-public sector bias. They use their influence to reduce funding for public sector agricultural research, extension, and education/training, in favor of projects and programs directed at privatization. They miss the point that most developing countries need public sector agricultural institutions to develop their largest private sector, their farm sector. On the other hand, work in agri-business has benefitted from the emphasis on privatization.

Mission directors, with increased authority, limited staff and pressure to move funds quickly, have opted recently for "program or non-project" quick-disbursing modes of programming - rather than the longer term institution building kinds of projects. Most of

these new modes of programming focus on policy reform directed at structural adjustment, or natural resource and environmental concerns.

3. Declining Numbers and Ineffective Use of Direct Hire Agricultural Personnel, and Other Staffing Issues

Primarily because of dwindling OE Account funds, the number of agriculturist positions declined 21 percent between 1981 and 1989 - from 262 to 206. Except for the educational specialist category which increased from 86 to 92 positions, all other technical personnel categories also declined during that period. And this year there have been additional reductions, particularly in field missions. During the same period, as indicated in Table 1, major increases in personnel occurred in other categories, namely executive personnel, financial management, audit/inspection, and business/industry/private sector.

Table 1. Changes in Selected Categories of AID Direct Hire Positions - 1981 to 1989

	<u>1981</u>	<u>1985</u>	<u>1989</u>	<u>Change(1981-89)</u>	
				<u>Number</u>	<u>Percent</u>
Agriculture	262	226	206	-56	-21
Rural Development	43*	32	22	-21	-49
Business/Ind/Priv Sec	61*	68	101	+40	+66
Financial Management	209	196	255	+46	+22
Executive Personnel	164	189	195	+31	+19
Audit/Inspection	153	131	173	+20	+13
Education	86	80	92	+6	+7
Engineering	110	67	44	-66	-60
Housing/Urban/Comm Dev	85	42	42	-43	-51
Secretary/Gen Clerical	506	371	384	-122	-24
Health/Medical/Pop	145	127	133	-12	-8

SOURCE: Annex G

*1983 (not 1981) positions.

In recent years, OE budget-driven technical personnel reductions, combined with increased administrative paperwork, have resulted in most technical personnel reporting that they are poorly used and overworked. They feel that they are pressured to design projects and programs "to do more with less" and so projects and programs have unrealistic objectives. Given the time-driven nature of AID's programming cycle, it is not possible to engage in extensive analysis or in exploring alternative projects in more than cursory fashion. Staff are under more pressure to put together a plausible program and to obligate funds than to consider the opportunity costs for various options. And they say that their project and program management reporting requirements have become increasingly burdensome, leaving little time to anticipate and ameliorate potential technical and managerial problems before they become major. More time is spent coping with AID's burdensome bureaucratic requirements than addressing host country needs.

To cope with the workload in relation to the limited direct hire staff, more responsibilities for project/program design and management and interaction with host country counterparts is delegated to other personnel - such as U.S., third country, and locally hired contractors, and foreign service nationals (FSN - direct hire host country citizens). As indicated in Table 2, the number of non-direct hire employees increased 35 percent between 1980 and 1985, and 149 percent between 1985 and 1988!

Table 2. Changes in Numbers of Direct Hire and Non-Direct Hire Employees - 1980 to 1988

	<u>1980</u>	<u>1985</u>	<u>1988</u>
Direct Hire Employees (US & FSN)	5926	4904	4695
Non-Direct Hire Employees	2299	3113	7741

SOURCE: AID/PFM

Senior AID officers observe that many agriculturalists have been unresponsive to new modes of operation and program direction in recent years that encourage giving more attention to agribusiness, or natural resource and environmental concerns. Rather they stick doggedly to agricultural production projects, and have missed opportunities to address new concerns of the Agency. This has sometimes alienated them from their superiors.

Our interviews indicated clearly that career development professionals in the Agency, irrespective of their background and current position, are very frustrated. They state that staff morale is at an all-time low. Opportunities for promotion, and professional satisfaction and advancement are increasingly limited. They fear that they are being "de-professionalized" as they spend less and less time on the substance of development. They are concerned about the future of the Agency as development is de-emphasized. They note that the Agency has lost many of its best professionals, as well as the support of some foreign aid constituent groups, as it has increasingly turned from development to pursuing short-term political objectives.

4. Lack of Proponent for Agriculture in Senior Management and Other Organizational Issues

Since the departure of Administrator M. Peter McPherson in 1987, and Senior Assistant Administrator Nyle Brady in 1989, there has been no proponent for agriculture in a senior management position in the Agency. There is no one with international agricultural credentials among those who comprise the Administrator's senior staff; no one who can command the respect of agricultural leaders in U.S. and international circles. There is no well respected international agriculturalist to serve as a proponent for agriculture in the Agency's senior management circles, represent and speak for the Agency at various U.S. and international fora, develop political and technical networks, and

provide leadership for building capacity in agriculture within the Agency.

AID has managed the U.S. economic and technical assistance program since 1961, and its predecessors go back to 1946. It has served the U.S. and the development process well. However, as we move from an era of "aid" into a period that emphasizes "cooperation" for development and mutual benefit, we need to plan and implement programs in new kinds of collaborative modes with host countries. Also with the further redelegation of authority, field missions now have much more control over their mission programs. This is most appropriate, but the central and regional bureaus must be organized now to be more responsive to the needs of the missions.

5. Excessively Restrictive Personnel Contracting and Procurement Procedures

Antiquated and excessively restrictive personnel contracting and procurement procedures are a major constraint to procuring qualified technical expertise for AID activities. Over time the increased regulation, time-consuming documentation, and complexity of personnel contracting and other procedures for personnel procurement have become excessively burdensome. AID contract officers have gained additional authority and influence vis-a-vis the technical officers who request the services of contract technical personnel. Technical officers report that they must treat even junior contract officers with at least as much respect as they accord office and mission directors in order to procure and maintain contracts in a timely and hassle-free manner.

Policies preclude contract and other non-direct hire employees from assuming many of the functions that their direct hire supervisors believe are critical to the performance of their office or mission. Often contractors and others providing technical

services to AID feel as if they are "second rate citizens" of the Agency, especially in their relationships with the AID contract officers.

Private consulting firms, universities and other USG agencies' managers providing technical services to AID complain that in recent years they spend most of their time dealing with contract officers on relatively unimportant contract details and virtually no time with AID technical project/program managers on substantive technical matters.

B. USDA's Major Constraints to Reaching Its Objectives in Agricultural Development

While the USDA has considerable potential for work in international agricultural development, it has several important constraints to its involvement.

1. Lack of Interest and Support by Top Administrators and Attitudes of Scientists

In the past, many Secretaries of Agriculture have been most interested in domestic agricultural policies and problems. Some have had only marginal interest in international agricultural development, and others have been outright opposed to the Department's involvement in such activities. As a result, they have not pushed for authorizations or budgets for international development work and have not encouraged their staffs to become deeply involved.

Also, USDA scientists and technical staffs have generally felt they have much more to offer than to gain from involvement in international programs. This has served as a constraint to their

involvement in activities that would facilitate a two-way flow of scientific information and materials.

2. The Biggest Constraint of All - Money

The major constraint is money. The Department has only limited budget that is earmarked for work in international programs. None is authorized specifically for work in international agricultural development, although it has few prohibitions on the use of its funds. And in the budget environment we are likely to face in the next few years, this constraint on funds may not be easy to change. Many agencies in the Department have outlined international program activities they would like to conduct if they could just find the funds to do so.

The Department has close ties to agricultural commodity groups, some of whom are powerful and effective in their lobbying activities with Congress. In the past, these groups have often argued that providing U.S. technology and technical assistance on production to less developed countries damages American farmers and their ability to export. These objections affect USDA's authorizations and budgets for work on international agricultural development, and sometimes makes administrators and staff reluctant to take actions that would alienate these groups.

While top Departmental administrators have declared their intent to push for new funds under the IAPI initiative, both they and their partners in the land grant universities will be reluctant to push the international initiative too hard for fear it will compete with funding for the broader National Research Initiative that emanated from a study of the National Academy of Science. USDA's budgetary problems in the international area are exacerbated by the fact that Mr. Whitten continues to have strong feelings that the USDA should concentrate on serving U.S. agricultural interests and should not devote its resources to helping other countries.

3. Lack of Incentives for Staff Involvement

USDA scientists feel that overseas assignments of two or three months are fine, and that assignments of six months to a year may be alright in some cases. However, they feel strongly that longer term assignments work to their disadvantage in the USDA reward system. This makes it particularly difficult to get the best USDA scientists involved in foreign assignments.

4. Need for Development of International Policy and Program, and Other Organizational Issues

While staff in a number of secretariats and agencies are excited about and working in the international area, the USDA currently does not have a clearly articulated Department-wide policy regarding its international work. It particularly has not developed a rationale for or a program in international agricultural development that is integrated across agencies. Science and Education in cooperation with the Joint Council has developed a proposed national policy on international science, education, and development. However, this policy has not been widely discussed or agreed on in the Department.

Our observations are that Science and Education concentrates on the scientific aspects of international programs. The Under Secretary for International Affairs and Commodity Programs oversees OICD, but otherwise concentrates on commodities and trade, and sometimes takes actions that are inimical to scientific exchange. The Assistant Secretary for Economics oversees the World Outlook and Situation Board and the Economic Research Service which does research on international trade and development. The Assistant Secretary for Marketing and Inspection Services oversees work related to marketing and to preventing diseases and insects from entering the U.S. But so far, there has been insufficient dialog to produce agreement on an international agricultural development

policy, or on international programs, and a division of labor in carrying them out.

Further, the Department does not have a Department-wide coordinator of international programs. A number of USDA agencies have directors or coordinators of international programs, and Science and Education has a person to coordinate science and education programs. But the USDA does not have a person who can speak for international programs across the board in the Department.

C. Linkages and Cooperation Between AID and USDA

AID is dependent on the USDA and its land grant university collaborators for much of the technical expertise to implement its agricultural program. And USDA is presently dependent on AID to fund its exposure to and participation in a variety of international agricultural programs. AID has tended to treat USDA as just another contractor, but has taken advantage of the fact that direct hire USDA personnel can, as USG employees, legally perform more administrative tasks in the Agency than university or private contract personnel. The lack of strong leadership in OICD until recently has resulted in a variety of personnel and funding misunderstandings and problems that are still being resolved.

IV. RELAXING CONSTRAINTS TO REACH OBJECTIVES

This part of our report identifies and discusses actions needed to relax (or in some cases remove) AID's and USDA's major constraints to reaching their objectives, as well as the objectives of the Task Force.

A. Relaxing AID's Constraints to Reaching Objectives

It is clear that many of the needed actions to relax AID's constraints cannot be expected to originate from within the Agency. Rather, the "push" will need to come from the White House and/or the Congress, and/or other interested private and public groups.

1. Defining the Role of Agriculture in AID'S Program

One of the outcomes of the "Food and Agriculture 2000 Task Force" should be **a clear statement of the rationale for and the future role of agricultural development in the context of AID's total program.** The Task Force should restate the economic case and show the probable impact of investments in agricultural development. It should differentiate between interventions needed in more traditional vis-a-vis more advanced agricultural sectors, and the benefits that accrue to both the host country and the U.S. Such a statement should be timely and helpful for Administrator Roskens as he commences to provide leadership to the Agency in its technical programs.

It should also help a number of AID's key new leaders to more clearly understand the critically important role of agricultural development in Third World development. Otherwise the Agency will continue to be vulnerable to faddish policy shifts such as those that have occurred over the past three years. It would lend credence to the Task Force's position that agricultural development is what the majority of developing countries need and what the U.S. is best equipped to provide. It could show how institutions and technologies that improve agricultural productivity, and economic policies that stimulate productive employment generation, are what most developing countries need. It could help them to recognize the limitations of supporting short-term political objectives and country policy reform directed at structural adjustment, without

strengthening the capacity of host country agricultural institutions.

As well, the more experienced Agency's leaders, who still favor major attention to agriculture in recipient countries where the agricultural sector provides the largest contribution to GNP and employment, would have encouragement and intellectual support. They could have some clear rationale for moving or not moving from support of research, extension and education/training to direct investments in natural resource conservation, sustainable agriculture, and various types of agri-business activities.

A current Agency definition of agricultural development is needed that is broader than traditional agricultural production and marketing. An Agency definition of agricultural development that has wide spread acceptance would facilitate defining the Agency's role. A food and fiber systems definition that includes activities from production to consumption - from farmers' field to consumers' tables - would probably be most appropriate.

After over three years of "drift" and "balkanization" by the regional bureaus, Administrator Roskens deserves full support in his efforts at "pulling the Agency together."

2. Reversing the Operating Expense Account Funding Squeeze, Earmarking, and Other Budget-related Issues

Even recognizing this period of tight national budgets, the operating expense (OE) account funding squeeze must be relaxed - indeed turned around. The Agency should continue to urge the Executive Branch and the Congress, directly and through the Agency's U.S. constituent groups, to provide relief commencing as soon as possible. Especially critical is travel for technical staff to backstop and support field missions. Shifts within the

FY1991 OE account to provide more travel funds will probably be necessary.

Concomitantly, the Agency should seek authority to use program account funding to recruit and support (including travel) **additional direct hire agricultural personnel**. The Agency has received this authority recently for some direct hire technical positions in child survival and environment/natural resources.

AID and USDA, in line with Executive Branch policy, must oppose **budget earmarking by Congress**. But given the current uses of earmarking, BIFAD and other interested groups perhaps should encourage earmarking for agricultural development.

Regular communications have commenced between AID and the **U.S. agricultural commodity groups** with regard to related development projects, food aid, international research center activities, and developing country genetic resources, research, production, income and consumption trends. These communications should help avoid future misunderstandings, including restrictions on the use of program funding, and be mutually beneficial.

Declining levels of Development Assistance (DA) in the 103 (ARDN) account have adversely affected not only host country agricultural projects, but also support for the international agricultural research centers (IARCs)⁵, the Collaborative Research Support Programs (CRSPs), and U.S. university institutional strengthening grants. AID and other interested groups should urge the Office of Management and Budget (OMB) and Congress to substantially increase funding for support of these programs.

3. Re-energizing Direct Hire Agricultural Personnel and Other Staffing Issues

If the capacity of AID to engage in agricultural development is to increase, it is essential that **more direct hire, as well as non-direct hire agricultural personnel from USDA, the university community and the private sector be recruited.**

The Agency's Agriculture, Rural Development, and Natural Resources Sector councils, with the assistance of a contract team, are currently undertaking a "personnel needs assessment for the 1990s." Its objective is to identify the specific skills that direct hire employees will require to develop and direct the implementation of emerging Agency program strategies in agriculture, rural development, and natural resources over the coming decade. From this inventory, specific recommendations will be made regarding:

- o future technical personnel needs in those areas;
- o recruitment and career development strategies;
- o the approximate mix of OE and program-funded technical personnel;
- o systems/procedures for better matching employee skills with program requirements in the assignment process, and through recruitment and in-service training.

This assessment should provide a clear picture of the Agency's current perception of both direct hire and non-direct hire agricultural personnel needs. A draft of the contract team's report will be completed in mid-November and can be made available to the Task Force.

The regional bureaus and missions need to be staffed primarily with direct hire agricultural generalists with well developed skills in management and analysis, supplemented by non-direct hire subject matter specialists. The Science & Technology (S&T) Bureau needs to be staffed primarily with direct hire foreign service and civil service subject matter specialists, supplemented by non-direct hire subject matter specialists. The long-term non-direct hire subject matter specialists should be supplemented by short-term non-direct hire subject matter specialists. The short-term non-direct hire technical specialists can innovate, take risks and identify with their professional interests to a degree not usually possible for long-term personnel.

Reward systems are needed for AID technical personnel who choose not to become generalists/managers, but rather choose to improve their professional skills and knowledge and continue to work in their area of technical expertise.

4. A Senior Proponent for Agriculture and Organizational Issues

A well respected international agriculturalist to serve as a proponent for agriculture in a line position in the Agency's senior management circles is needed. Also he or she would represent and speak for the Agency at various U.S. and international fora, develop political and technical networks, and provide leadership for a renewed effort to build capacity in agricultural development within the Agency.

As we move from an era of "aid" into an era that emphasizes "cooperation" for development and mutual benefit, we need major changes. It is timely to rename the Agency and significantly modify its structure to reflect the new rationale and objectives as noted in the Task Force section of Part II, above. Some version of the **Development Cooperation Agency**, and a new foundation-like

entity, as proposed in the 1988 study led by Michigan State University (see Annex F) would be appropriate. Field missions now have much more control over their mission programs than in the past. This is proper in our judgement, but now the central and regional bureaus must be organized to be more responsive to the needs of the missions. The S&T Bureau should be staffed with an increased number of subject matter specialists to backstop missions in technical areas. The regional bureaus should be staffed with more agricultural generalists with managerial and analytical skills to provide backstopping in these areas.

5. Improving Personnel Contracting and Procurement Procedures

Personnel contracting and procurement procedures for obtaining qualified technical expertise for AID activities must be thoroughly revamped to make it much less restrictive. The objective should be to provide less time-consuming, more creative and flexible ways of procuring technical services in a more professional and collaborative mode - with reduced documentation. AID contract officers and technical officers should work as co-equals in the contract and procurement process.

New policies are needed that allow contract and other non-direct hire employees to assume functions that their direct hire supervisors believe are critical to the performance of their office or mission. Those who provide technical services to AID - university, private firms, and other USG agencies - must be treated as professionals and "collaborators/cooperators in development" by all AID officers. And those technical managers responsible for contracts with AID should be able to spend most of their time dealing with AID technical project/program managers on substantive technical matters.

B. Relaxing USDA's Constraints to Reaching Objectives

1. New Interest and Support from Top Administrators and
New Opportunities for the USDA

Secretary Yeutter is an enthusiastic supporter of the internationalization of Departmental programs. Assistant Secretary Hess is urging his Science and Education staff to become more involved in international work, is supporting the IAPI initiative, and is chairing the Joint AID-USDA Steering Committee. Under Secretary for International Affairs and Commodity Programs Crowder also strongly supports work in the international area, and has recruited Duane Acker, an experienced administrator to provide new leadership to OICD. In our interviews with them, USDA administrators expressed their willingness to play an expanded role in international work, cooperating with AID as the lead development agency of the government.

One of our interviewees - who is outside AID and USDA and who has had many years of experience in international work - told us the most promising thing he saw on the agricultural development horizon in the U.S. is USDA's new stance toward international programs.

We agree with the Task Force's analysis that the following three factors may suggest expanded and changing roles for the USDA in international programs in the future: (1) the linkage between aid and trade is stronger and better recognized, focusing more attention on inconsistencies and complementarities between policies and programs in these two areas, and suggesting they can no longer be treated separately; (2) developing countries and their institutions no longer want or need the kind of assistance envisioned when Title XII was launched 15 years ago, calling instead for collaboration rather than technical assistance in the traditional sense; and (3) opportunities for international

collaboration with countries such as the newly emerging democracies in Eastern Europe or other countries not usually included in the developing country category.

2. Overcoming the Limitations of Authorizations and Budgets

With modest additional efforts, the USDA will likely be able to get all of the authorizations it can handle in the international area. The biggest obstacle will be to obtain significant continuing annual budget appropriations for the international work. Departmental administrators, with help from ICOP and others, will need to exert a great deal of effort to convince both Congress and staff at high levels in the Executive Branch that there are important needs in international development that the Department can and should serve.

While objections from U.S. agricultural commodity groups has been a constraint on USDA's international involvement, this constraint seems to be diminishing to some extent. Some progressive leaders in agricultural organizations are recognizing the increasing interdependence with the Third World. A continuing information program with them, and also with Congress, can appropriately stress the two-way flow of technology and germplasm which is in the long term self interest of U.S. agriculture, and also the fact that as poorer countries improve their incomes they often become good customers for U.S. farm commodities.

Some question whether the USDA should attempt to get, or even be permitted to get, more budgetary support for international work, and particularly for work in international agricultural development. We believe that AID should continue to be the lead agency for development work with Third World countries, and that the USDA should assist where needed with funds through AID. However, in the division of labor between AID and the USDA, we

believe it would be appropriate for USDA to be the lead agency for selected development activities with Second World countries such as those in Eastern Europe. The USDA could also play lead roles in networking with science and educational institutions around the world, and in screening scientific discoveries and materials for introduction into the U.S.

3. Providing Incentives for Involvement by USDA Scientists

So long as USDA scientists feel as strongly as they do that longer term overseas assignments work to their disadvantage in the reward system, it will be difficult to get the best scientists - young and old - involved in significant foreign assignments. Perhaps the reward system only needs to be clarified. It is more likely, however, that the system will have to be changed to provide greater incentives.

Also, many USDA scientists generally feel they have much more to offer than to gain from involvement in international programs. In order for their international work to be effective, USDA scientists need to recognize the importance of a two-way flow of research information and materials to their programs and to U.S. agriculture.

4. Addressing Organizational and Staffing Issues

Top administrators in the USDA are enthusiastic about expanding their involvement in international programs. Before they can have a really effective and sustainable program, however, a number of policy, program, and staffing issues will need to be attended to.

The Department should develop a clearly articulated policy and rationale for its international involvement. It should give

attention to developing a program specifically in international agricultural development. There then needs to be wide discussion and hopefully agreement on these policies and programs among the various Departmental agencies that are involved. The Department's partners in the land grant universities and the Joint Council should be involved in these deliberations. Agreement needs to be reached on the roles of the various agencies, including OICD, and on the division of labor and integration among them. Then these policies, programs, roles, and division of labor need to be communicated to relevant people in the USDA, AID, universities and elsewhere.

The Department will need more staff with experiences in other countries. This can be accomplished by providing more alternatives and incentives for involvement overseas, and also by hiring some staff who have had experience overseas.

Finally, there needs to be some continuing provision for coordination among the various agencies within the secretariats that are involved in international programs. As one alternative, the Department may want to consider designating an overall coordinator whose major focus would be international agricultural development. We recognize that there are already a number of competent people in leadership positions related to international programs. We hesitate to suggest adding another level in the organizational hierarchy. However, international programs are an important part of the work within at least four of the Under and Assistant Secretaries' agencies. So, we suggest consideration of a position such as Special Assistant to the Secretary to coordinate international agricultural development programs. If such a position were established, it would be best to select a senior agriculturalist with considerable international experience, including work overseas.

C. Relaxing Constraints to Improving Linkages and Cooperation Between AID and USDA

USDA administrators and staff clearly recognize AID as the lead agency of the federal government in carrying out bilateral development assistance programs in other countries. While AID concentrates on working with poorer countries, the USDA works with a wide range of countries but more often works with developed countries. The USDA has a strong domestic orientation and its international efforts are viewed largely as ways of furthering its domestic agenda, while AID focuses on the interests of developing countries.

With the new interest in international agriculture and development by USDA's leadership, the potential for close and continuous cooperation and collaboration has never been greater.

Secretary Yeutter, Assistant Secretary Hess, and Administrator Acker's interest in broader involvement of the Department in international programs is showing results. A new Joint Steering Committee between AID and USDA has been formed, chaired by Assistant Secretary Hess, to explore joint interests, primarily in science and education. Administrator Acker is leading an effort to reorganize and re-energize and upgrade the technical capacity of OICD. One of his stated goals is to, "give AID as much access to USDA's technical talent as if it were down the hall."

These efforts must be encouraged and new modes of cooperation and collaboration found that will strengthen the AID-USDA partnership for agricultural development.

V. RECOMMENDATIONS

This concluding part outlines our recommendations needed to strengthen AID's and USDA's capacity to implement international agricultural development programs.

A. To Strengthen the Institutional Capacity for Agricultural Development of AID

1. The "Food and Agriculture 2000 Task Force" should assist AID's leadership to **determine the future role of agricultural development in AID's total program.**
2. The "Food and Agriculture 2000 Task Force" should assist AID to **"hammer out" a current, possibly broader, Agency definition of agricultural development with Congress and other interested groups.**
3. A major effort must be made by AID and its U.S. constituents to **reverse the operating expense (OE) account funding squeeze.**
4. AID must seek authority to use program account funding to **recruit additional direct hire agricultural personnel.**
5. BIFAD and other interested groups should **reconsider whether to support Congressional earmarking of funds for agricultural development.**
6. AID and other interested groups should urge OMB and Congress to **significantly increase funding for agricultural development.**
7. Based on the findings of the "Food and Agriculture 2000 Task Force" and the AID Sector Councils' "personnel

needs assessment", the number of direct hire and other agricultural personnel should be significantly increased.

8. AID should recruit a well respected international agriculturalist to serve as a proponent for agriculture in AID's senior management circles and provide leadership for a renewed effort to build capacity in agricultural development within AID.

9. Groups supporting foreign aid should urge the White House and Congress to rename AID and significantly modify its organizational structure to reflect this era "cooperation in development" and "mutual benefit".

10. AID should establish a senior task force (chaired by the AA/PFM, and including senior AID contract officers, AID technical officers, managers from other USG agencies, universities and private firms that provide technical services to AID) to review and revamp AID's personnel contracting and procurement procedures.

B. To Strengthen the Institutional Capacity for Agricultural Development of USDA

1. Groups supporting foreign aid, including the "Food and Agriculture 2000 Task Force," should urge the White House and Congress to encourage and support the Secretary and top staff in their push for authorizations and budgets for international agricultural development.

2. USDA should either clarify or change the reward system to encourage the best USDA scientists to be involved in significant foreign assignments.

3. The Department should develop and get Department-wide agreement on policies, programs, and the division of labor for its work in international agricultural development, and these must be communicated with AID and others who interact with the Department on international programs.

4. The Department should consider appointing a Special Assistant to the Secretary to coordinate international agricultural development programs, preferably a senior agriculturalist with overseas experience.

C. To Strengthen Linkages and Cooperation Between AID and USDA

The leadership of AID and USDA should encourage and expand the work of their current Joint Steering Committee to include:

1. Exploring joint interests in subject matter areas, starting with the needs of developing countries.
2. Reviewing current PASA, RSSA, and other joint contractual mechanisms with the view to identifying new modes of cooperation and collaboration that will strengthen the AID-USDA partnership for agricultural development.
3. Reviewing the role of OICD, other USDA entities, including university collaborators, vis-a-vis AID with the view to ascertaining the best division of labor within USDA, and in the AID-USDA partnership for agricultural development.

4. Developing a CRSP-like mechanism to link Second and Third World research, education, and extension institutions with sister U.S. agricultural universities and USDA, along the lines proposed by Morris Whitater (see Annex J).

NOTES

1. For more detail on the Task Force's rationale and objectives, see "A CONCEPT PAPER - FOOD AND AGRICULTURE 2000: A DEVELOPMENT ASSISTANCE AND COOPERATION STRATEGY FOR THE FUTURE", first revision, G. Edward Schuh, 1990.

2. There are two other AID policy and strategy statements related to agricultural development. These are the April 1988 AID Policy Paper: Environment and Natural Resources, which promotes sustainable agriculture and agro-ecosystem research and planning, and the May 1982 AID Nutrition Policy Paper and the January 1984 AID Nutrition Sector Strategy, which promote improved nutrition through agriculture by maximizing the consumption effects of crop and technology selection, research and extension, and appropriate national policies.

3. In general terms, AID's operating expense (OE) account funds pay for direct hire employees' salaries, offices, travel, overseas housing, and other costs attributed to their direct support. AID's program funds pay for contract and other non-direct hire employees, their support and all other project and program costs. Program funds include Development Assistance (DA), Economic Support Fund (ESF), and Development Fund for Africa (DFA).

The OE "funding squeeze" has worsened even though OE annual expenditures have increased in current dollars from about \$300 million in 1982 to \$500 million estimated in 1990. The largest percentage increase in overseas OE expenditures is in direct contract U.S. and foreign employees, from 5% of total OE overseas expenditures in 1982 to an estimated 16% in 1990.

4. There are 10 executive/presidential (EX) and 82 administratively determined (AD) appointees in the Agency at this time. They fill nearly all of the top and many other senior level positions in the Agency. Several of our interviewees stated that this number has increased, as has the number of appointees with no understanding or interest in economic development, in recent administrations. EX and AD personnel are perceived to have a short-term, "quick fix" outlook, as compared to the longer term, "developmental" outlook of career personnel who are trained and experienced in Third World development.

5. It should be noted that AID has requested a \$2 million increase next year over this years' \$40 million for core support of the IARCs.