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*“Agricultural Policy Reform, Growth and
Food Security:
Preparing for the 21st Century”*

WORKSHOP PROGRAM

June 25, 1998
Ronald Reagan Building
Washington, DC

Sponsored by the U S. Agency for International Development (USAID)



AGRICULTURAL POLICY ANALYSIS PROJECT PHASE III

Sponsored by the
U S Agency for International Development

Assisting USAID Bureaus Missions and Developing Country Governments to Improve Food & Agricultural Policies and Make Markets Work Better

Prime Contractor **Abt Associates Inc**
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***Agricultural Policy Reform, Growth and Food Security
Preparing for the 21st Century***

*June 25, 1998
Ronald Reagan Building
1300 Pennsylvania Avenue, NW
Polaris Suite, Level C
Washington DC*

AGENDA

- 8 00 - 9 00 Registration, Coffee, Pastries
- 8 30 Welcoming Remarks
 Richard Fraenkel, Chief, Agricultural and Food Division, USAID
 John Tilney, Managing Vice President, Abt Associates
 Gordon Straub, APAP III Project Director, Abt Associates
- 9 00 - 10 00 PANEL I **Conducting Public Agricultural Policy Analysis and Reform Best Practices**
- Chair John Lewis, USAID/G/EGAD
 Presenters Peter Timmer, HIID/APAP
 Gary Ender, Abt Associates
 Panel Mark D Newman, Abt Associates
 Cheryl Christensen, USDA
- 10 00 - 11 00 PANEL II **Highlights of 15 Years of the Agricultural Policy Analysis Project (APAP) Lessons Learned and Worth Remembering**
- Chair Richard Fraenkel, USAID
 Presenter Bill Levine, Abt Associates
 Panel Gary Ender, Abt Associates
 Mike Weber, MSU
 Derick Brinkerhoff, Abt Associates
 Gordon Straub, Abt Associates
 Cornelius Houtman, EU Director General VIII

11 00 - 12 30	PANEL III	<p>Country Case Studies Identifying Key Issues, Making the Policy Reform Process Work, Creating Self-Sustaining Institutions</p> <p>Chair Jerry Wolgin, USAID Panel Christian Foster, Russia PRARI Nick Kulibaba, Abt Associates, Sahel Region Tim Mooney, Abt Associates Ismael Ouedraogo, World Bank, Senegal</p>
12 30 - 2 00	Lunch	<p>Agriculture, Agribusiness and Policy Reform as Engines of Economic Growth</p> <p>G Edward Schuh, Chair, Board for International Food and Agricultural Development (BIFAD)</p>
2 00 - 3 30	PANEL IV	<p>Trade and Food Imports Trade Liberalization and Marrakech Follow-Up</p> <p>Chair John Becker, USAID Presenters Charles Hanrahan, CRS Lynn Salinger, AIRD Panel David Wilcock, FAO/DAI Chris Goldthwait, USDA Ron Trostle, ERS/USDA Eugenio Diaz Bonilla, IFPRI</p>
3 30 - 5 00	PANEL V	<p>World Food Summit Follow-Up U S Government and Donor Coordination</p> <p>Chair Emmy Simmons USAID Presenter Ray Love, Abt Associates Panel Lynne Lambert, US State Dept Colin Bradford, USAID Avram "Buzz" Guroff, USDA Lisa Smith, IFPRI</p>
5 00 - 5 30	WRAP-UP	<p>John Lewis, USAID Mark Newman, Abt Associates Gordon Straub, Abt Associates</p>

Select list of Acronyms

AIRD	Associates for International Research and Development
APAP	Agricultural Policy Analysis Project
BIFAD	Board for International Food and Agricultural Development
CRS	Congressional Research Service
DAI	Development Alternatives, Inc
ERS	Economic Research Service (USDA)
EU	European Union
FAO	Food Agricultural Organization
GATT	General Agreement on Tariffs and Trade
HIID	Harvard Institute for International Development
IFPRI	Institute for Food Policy Research
IPC	Implementing Policy Change Project
MSU	Michigan State University
OECD	Organization for Economic and Cooperation and Development
PRARI	The Program to Revitalize Agriculture through Regional Investment (Russia)
SFI	Sustainable Financing Initiative Project
USDA	U S Department of Agriculture
USAID	U S Agency for International Development
WTO	World Trade Organization

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Biographical Sketches

John A Becker

John A Becker is Team Leader for USAID's Broad-Based Economic Growth Team, he is responsible for technical leadership for the Latin American and Caribbean Bureau and its missions throughout the region regarding economic growth issues including sectoral policy, microenterprise and small business, trade, exports and markets, financial markets and privatization, legal and regulatory reform, agriculture and rural development, natural resources management, forestry, and food security. Becker has led the design and implementation of the \$10.8 million Hemispheric Free Trade Expansion project and is a member of the National Center for Food and Agricultural Policy (NCFAP) Working Group on Agricultural Trade and Development. Becker is also the USAID representative to the USG Trade Policy Staff Committee subcommittee for the Free Trade Area of the Americas (FTAA).

John Becker has written numerous technical reports and papers including a recent article in the *AAEA Choices* magazine on "The Role of USAID" as part of a series on restructuring the agricultural sector in Eastern Europe.

Eugenio Diaz-Bonilla

Eugenio Diaz-Bonilla of Argentina joined IFPRI as a visiting research fellow in 1995, after working in a senior diplomatic position at the Embassy of Argentina in Washington, where he was in charge of agricultural trade issues and negotiations with the countries participating in the North American Free Trade Agreement. Previously he worked with a number of international organizations on macroeconomic, trade, and poverty issues and the agricultural sector in several Latin American countries. He is currently working on the design, estimation, and implementation of CGE macroeconomic models and agricultural trade and integration in the Americas. He received his undergraduate degree from the Universidad de Buenos Aires, Argentina, an M.A. in international relations from the Johns Hopkins University School of Advanced International Studies, and an M.A. and Ph.D. in economics from the Johns Hopkins University.

Colin A Bradford

Colin Bradford is a chief economist and oversees the development of policy guidance for USAID's program in economic growth and provides leadership in donor coordination with its development partners. Before joining the agency, Bradford was head of research at the Development Center of the Organization for Economic Cooperation and Development (OECD) in Paris from 1990 to 1994. In addition to his research management responsibilities, he was editor of an annual conference volume on Latin American issues of importance in Europe and was active in research on East Asian development, economic policy in developing countries and trends in the world economy. Bradford served in Washington for nine years as director of the Office of Multilateral Development Banks in

the U S Treasury Department during the Carter administration

Derick Brinkerhoff

Derick Brinkerhoff is a Senior Social Scientist at Abt Associates and provides technical cooperation and research in governance, strategic management, institutional development, policy implementation, and training. He serves as Research Director for USAID's Implementing Policy Change Project and analyzes institutional dimensions of natural resources policy in Africa for USAID. He manages the Sustainable Financing Initiative providing technical assistance to agricultural research institutes for USAID's Africa Bureau and the World Bank. His assignments have included projects such as conducting a stakeholder study for a primary health care program in Madhya Pradesh, India, and creating an institutional map of environmental policy stakeholders in El Salvador. He conducted a workshop on capacity-building for CIDA's Policy Branch and led a study of participation in policy reform for the multi donor Special Program for Africa.

Cheryl Christensen

Cheryl Christensen is currently Deputy Director for International Programs in the Market and Trade Economics Division of the Economic Research Service (ERS). In this position, she oversees technical assistance activities in ERS, and coordinates international activities with other government agencies (e.g. USAID) and international organizations (e.g., Food and Agricultural Organization, World Bank).

Dr. Christensen taught at the University of Pittsburgh and University of Maryland, College Park before beginning her 15 year career in ERS. Prior to her current assignment in ERS, she served as Deputy Director for the Resources and Technology Division, as well as Branch Chief for the Europe Branch and the Africa/Middle East Branch. She was Research Director for APAP II with Abt Associates Inc. between 1988 and 1990, and has also worked extensively with USAID on issues related to food policy, agricultural technology and food security in Sub-Saharan Africa.

Gary Ender

Dr. Ender is a Senior Agricultural Economist with Abt Associates Inc. He has 16 years of professional experience in agricultural policy analysis and consulting. He has extensive experience with centrally-funded policy analysis projects and long-term field experience as a policy adviser. His areas of technical expertise include food security policies, agricultural policy reform, and the impact of macroeconomic and agricultural policies on agribusiness development. Dr. Ender has developed and applied practical methods for analyzing the impact of agricultural policies in several countries. As a long-term technical adviser in Pakistan, he coordinated research, training, and policy analysis and reform activities aimed at improving the policy environment for both agricultural production and agribusiness. In the Philippines, he developed training and other activities that improved the capability of the Government to conduct agricultural policy analysis.

Gary Ender also serves as technical agricultural and policy adviser for the senior core technical staff of Agricultural Policy Analysis Project, Phase III (APAP III) He is responsible for directing technical aspects of all buy-ins to APAP III worldwide, reviewing all project outputs, and designing and conducting core research in policy analysis, including market performance Mr Ender is team leader for APAP III's buy-in, examining the policy environment for agribusiness in Egypt

Christian Foster

Christian Foster, who is fluent in Russian, has been engaged in the agriculture, food economies and trade of the countries of the former Soviet Union and Eastern Europe for the last 15 years He has been instrumental in the development and implementation of the USAID-USDA "Program to Revitalize Russian Agriculture through Regional Investment," (PRARI) Foster is also the Co-Chairman of the "Working Group on Agricultural Reform and Privatization," a part of the Gore-Kirienko Commission's Agribusiness Committee

From 1992 to 1997, he was the Leader of the New Independent States Team, Economic Research Service of USDA The NIS Team is the principle U S Government source of analysis on the agriculture and food systems of the 15 countries of the former USSR In addition, the NIS Team was the main implementor of USDA's technical assistance designed to assist in the development of a market news analysis system in the Russian Federation

Richard Fraenkel

Since September, 1997, Richard Fraenkel has been Chief, Food Policy Division, Office of Agriculture, Global Bureau, USAID The division manages a number of projects dealing with agricultural policy (APAP, Food Security II, BASIS IQC) as well as several Collaborative Research Support Programs which support university research on cross-cutting, long-term problems of agricultural development in the developing countries 1995-1997, he served as Country Representative in Tajikistan, one of the former-Soviet Central Asian republics 1987-1992, he was agricultural development officer at REDSO/W with responsibility for agricultural policy-related projects in many small West African countries From 1980-84, he served as Rural Development Advisor, USAID/Cairo with responsibility for PL 480 self-help measures and analyses of the Egyptian food production and consumption subsidies He has been on the research staff in agricultural economics departments at Purdue and the University of Minnesota concerned with decentralization and agricultural development in Tunisia (North Africa), respectively Fraenkel was co-editor, with Don Hadwiger and Bill Browne, of a volume of readings on American Agriculture and U S Foreign Policy (Praeger, 1978)

Avram E "Buzz" Guroff

Avram Guroff currently holds the position of National Food Security Coordinator in the U S Department of Agriculture's Foreign Agricultural Service. He is responsible for coordinating U S Government follow-up to the 1996 World Food Summit. In that capacity he chairs a multi-agency coordinating committee and serves as executive secretary to the interagency, sub-cabinet level group that provides policy oversight to the effort. Previously, Mr. Guroff directed the work of USDA's international cooperation and development programs of agricultural and environmental exchange, and private sector development.

Mr. Guroff has served as an agricultural attache for United Nations Affairs Department in Rome, Italy, and as an international economist with the USAID mission to Vietnam during the war. He also spent a year with Tenneco Inc. in Houston, Texas under the auspices of the President's Executive Exchange Program developing an international agribusiness strategy for the corporation.

Charles Hanrahan

Charles E. Hanrahan is a senior specialist in agricultural policy at the Congressional Research Service (CRS), Library of Congress, where he conducts research and analysis and provides information to members and committees of the U S Congress on agricultural policy, trade, and development. He has been at CRS since 1984. He previously worked as Project Director of the Agricultural Policy Analysis Project for Abt Associates Inc., as well as, served as Deputy Director of the International Economics Division, Economic Research Service, U S Dept. of Agriculture, senior economist in the Africa Bureau, U S Agency for International Development, and staff economist for the World Food and Nutrition Study of the National Academy of Sciences.

Nicolas Kulibaba

Nicholas Kulibaba, a senior associate and regional coordinator for Eastern Europe and the former Soviet Union with Abt Associates Inc., has more than twenty years of experience in international economic development and business. He has completed numerous assignments related to trade and agricultural policy reform, investment promotion and strategies to reduce the costs of corruption in Africa, the former Soviet Union, Asia, and the Caribbean. Prior to joining Abt Associates Inc. in 1991, he served as an advisor on strategy and communications to seven heads of state and government, and has carried out investment environment assessments, operations and new venture strategy development, and risk assessment for numerous multinational agribusiness, extraction and financial firms.

Lynne Lambert

Lynne Lambert is currently the Department of State's Special Representative for Food Security and is responsible for developing a US Action Plan to follow up on the World Food Summit, which took place in Rome in 1996. A career member of the Foreign Service since 1970 and the Senior Foreign Service since 1991, her recent assignments include Deputy Chief of Mission at the US Embassy in Budapest, and in the Department of State, Director of the Office of Canadian Affairs, Director of the Office of Pacific Island Affairs, Director of the Office of Freely Associated States, and Chief of Developed Country Trade. Ms. Lambert has served in London, Paris, Athens, and Tehran. She is the recipient of a superior honor award and two meritorious honor awards.

William Levine

William Levine is Vice-President and Director of agricultural and natural resource policy projects with Abt Associates. He is responsible for management of the Agricultural Policy Analysis Project and has twenty-five years of international development experience focusing upon management, program development/marketing, forward planning, project design and implementation. In his role as Project Director, Dr. Levine serves as the overall chief of Party, and is the principal contact with the AID Project Officer. He works directly with the Project Officer to plan activities, organize resources, coordinates among the different component operations and supervises and administers the different project activities. He is also responsible for preparation of subcontracts and coordination with APAP III's subcontractors. He chairs and convenes team meetings, meetings of the Technical Advisory Committee, and annual planning exercises. He also participates in implementing technical assistance and dissemination activities. He also serves as Major Marketing Group Manager for agricultural policy and natural resource and environmental projects and is directly responsible for winning fifteen major projects. Research interests include natural resource policy analysis, agricultural policy analysis, agricultural personnel planning, development administration, policy and institutional development.

John Van Dusen Lewis

John Lewis is the Director of the Office of Agriculture and Food Security, Center for Economic Growth and Agricultural Development, Bureau for Global Programs, Field Support and Research (G/EGAD/AFS). He oversees central food security and agribusiness activities. He is responsible for the Agency's contributions to, and relationships with the International Agricultural Research Centers and the US Title XII (LAND-GRANT) universities on all agricultural research matters.

Alexander R Love

Alexander R Love served as Chairman of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) from January 1991 to February 1994. One of the OECD's principal committees, the DAC seeks to improve the volume and effectiveness of the development assistance program of its 22 member countries which provide in excess of \$60 billion of development assistance annually.

Immediately prior to his election as DAC chairman, Mr Love was Counselor to the United States Agency for International Development (AID), responsible for broad policy and management operations. As a career foreign service officer, he worked for AID for over 30 years. His entire professional career was concentrated on the administration of economic assistance to developing countries. He held the personal rank of Career Minister, the highest Senior Foreign Service level in AID. Mr Love retired from the Foreign Service in April 1994.

Timothy J Mooney

Timothy J Mooney is a senior associate at Abt Associates Inc and has over eighteen years of international economic development consulting experience. His areas of expertise include agribusiness, private sector development and financial management and control. Specific assignments have included the analyses of investment and tax policies directed at agribusiness, strategic planning, investment analysis, and the design and implementation of budget, planning and financial control systems. While on the faculty of the Harvard Business School, he wrote case studies and teaching notes for use in both the M B A and Executive Education Programs as well as conducted research on the role of the entrepreneur in agricultural development. He has worked in over twenty developing countries in Asia, Africa, and Latin America and the Caribbean.

Mr Mooney joined Abt Associates in 1989 as a business and financial analyst. In 1991 he took on the additional responsibilities of marketing manager, agribusiness. Currently, he serves as the deputy manager of the company's Agriculture and Natural Resources Area. In this capacity he fulfills the controller's function for the area's \$30 million portfolio of public sector projects. In addition, he remains actively involved in new business development efforts.

Mark Newman

Mark D Newman, assisted in the founding and direction of The Abt Associates' Food Industry and Agribusiness practice which provided consulting services to private business and trade association clients. He has over twenty years experience in agribusiness, international trade, marketing, policy analysis, and business strategy consulting for business, trade association and governments around the world. During his ten-year tenure with Abt Associates Inc, Dr Newman has served as a hands-on advisor to clients ranging from senior government officials and corporate boards of directors to small business entrepreneurs. His worldwide experience includes analysis of agricultural and trade policy issues, market strategy consulting and market research and evaluation in Asia, Europe, Africa, North and South America for a full range of food and agricultural products.

Mark served as Abt Associates' Project Director for the Agricultural Policy Implementation

Project in Tunisia, which provided guidance in developing government policies aimed at increasing food security and agricultural exports and supporting private initiative and investment in the agricultural production and marketing systems. He also served as Coordinator of International Trade Research on the Agricultural Policy Analysis Project (APAP II). While on the faculty of Michigan State University he served as coordinator of agricultural market and policy research for the Macroeconomic Analysis Bureau of Senegal's Agricultural Research Institute. Before joining Abt Associates, Newman dealt with trade and trade policy issues as Head of Western European and Developed Market Analysis at the Economic Research Service of the U.S. Department of Agriculture. Dr. Newman was also an Associate and Assistant Professor of Agricultural Economics at Michigan State University and Assistant Professor of Agricultural Economics and Agribusiness at Kansas State University.

Ismael Ouedraogo

As Senior Economist at USAID, Ismael Ouedraogo assists Senegal's Policy Analysis Unit in the implementation of a monitoring and evaluation system to analyze the impact of liberalization on the structure and performance of rice marketing in Senegal.

Mr. Ouedraogo has extensive experience in agricultural marketing and policy analysis, and has assisted USAID in economic assessments of Sub-Saharan Africa, North Africa, and Middle East countries. He has also analyzed and monitored the impacts of agricultural subsidies in Africa and Eastern Europe and developed a model to assess the contribution of the agribusiness sector to the global economy. In addition, Mr. Ouedraogo has worked in Sub-Saharan Africa, North Africa, the Middle-East, and Eastern Europe.

B Lynn Salinger

B. Lynn Salinger has been a Senior Economist with Associates for International Resources and Development (AIRD) in Cambridge, Massachusetts, for the last fifteen years. She has led numerous missions on agricultural trade, regional integration, price, market, and competitiveness policy in Senegal, Mali, Ghana, Cote d'Ivoire, Morocco, Tunisia, Mexico, and South Africa. Salinger has also been a consultant to the World Bank on agricultural policy reform, export diversification, and rural development in Algeria, Vietnam, Bangladesh, and Romania. More recently, Lynn has been working on global competitiveness in the clothing and textile industries in South Africa and Vietnam and is examining foreign direct investment and footloose export-oriented industries in developing countries.

Ms. Salinger has also just completed a review of the Uruguay Round's Agreement on Agriculture and its implications for potentially food insecure developing countries, and is helping USAID's Global Bureau strategize assistance to developing countries to mitigate the potential negative effects of the Round on food security and to prepare for the next round of multilateral agricultural trade talks.

G Edward Schuh

G Edward Schuh is the Orville and Jane Freeman Chair in the International Trade and Investment Policy at the Humphrey Institute of Public Affairs, University of Minnesota. Prior to assuming the Freeman Chair, he was the Dean of the Humphrey Institute for ten years. He was professor of agricultural economics at Purdue from 1959 to 1979, and was first Director of the Center for Public Policy and Public Administration at Purdue from 1977 to 1978. While on the faculty at Purdue he also served as Program Advisor to the Ford Foundation in Brazil from 1966 to 1972, as Senior Staff Economist on President Ford's Council of Economic Advisors from 1974 to 1975, and as Deputy Under Secretary for International Affairs and Commodity Programs at the U.S. Department of Agriculture from 1978 to 1979. From 1979 through 1984 he was Professor and Head, Department of Agricultural and Applied Economics, University of Minnesota. From 1984 through 1987 he was The World Bank's Director of Agriculture and Rural Development, in Washington, D.C.

Schuh is the presidentially appointed chair of the Board for International Food and Agricultural Development (BIFAD), which advises the Administrator of the U.S. Agency for International Development. He is also a member of the Board of Trustees of the International Food Policy Research Institute.

Lisa Smith

Lisa Smith is a Visiting Researcher at the International Food Policy Research Institute's Food Consumption and Nutrition Division. Her research at IFPRI has focused on the causes of child malnutrition in developing countries, particularly in South Asia and Sub-Saharan Africa, and on methods for exploring the extent, location and causes of food insecurity. Prior to joining IFPRI she was a fellow of the American Association for the Advancement of Science on assignment to USAID's policy bureau. In this position, she served as a technical advisor on food security to the Agency's chief policy advisor and participated in the United States' preparation for the World Food Summit. In addition to her position at IFPRI, she is a Visiting Scholar at Emory University's Department of International Health.

Gordon Straub

Gordon Straub is a recognized development specialist and international program manager with over 25 years experience in the design, implementation and management of economic development programs throughout the world. He specializes in agricultural and natural resource policy planning and development. He is the Project Director of the USAID-funded world-wide Agricultural Policy Analysis Project (APAP III). Prior to joining Abt Associates, Mr. Straub completed a distinguished career at USAID where he served as Office Director for Agriculture/Rural Development/Natural Resources/Environment in three USAID Missions overseas. He also served as the Senior Environmental Policy Advisor in USAID's ENI Bureau in Washington.

C Peter Timmer

C Peter Timmer is a leading authority on the role of agriculture in economic development and food security in Asia. He has extensive experience as an advisor on food and agricultural policy to countries in East and Southeast Asia. His current research is on how to improve the connections between the process of economic growth and the alleviation of poverty. He also maintains research interests in global food security and the economic benefits of stabilizing the domestic prices of staple foods. Timmer can provide commentary on issues of food security, economic development policy and its implementation, and the political economy of poverty and the development process. His geographical expertise is primarily in East and Southeast Asia, with a special focus in Indonesia. Timmer is the author of the widely used text, *Getting Prices Right: The Scope and Limits of Agricultural Price Policy* (Cornell). He is the lead author of the prizewinning volume, *Food Policy Analysis* (Johns Hopkins). He is the contributing editor of *Agriculture and the State: Growth, Employment, and Poverty in Developing Countries* (Cornell) and the *Corn Economy of Indonesia* (Cornell).

Ronald Trostle

Ronald Trostle is Chief of the Trade Analysis Branch (TAB) of USDA's Economic Research Service (ERS). TAB maintains an integrated and comprehensive view of world agriculture and its relationship to U.S. agriculture. Its research agenda currently includes agricultural productivity and supply response, price variability, regional integration, state trading, technical barriers to trade, foreign direct investment, income distribution and food security, GMO trade, and WTO issues. At ERS, Trostle has analyzed the long-term prospects for global food aid needs and availabilities, coordinated analytical support for the GATT negotiations, and been involved in analyzing the impact of export programs. In the 1960s and 70s, Dr. Trostle lived and worked in South America, Southeast Asia, and the Caribbean.

Michael Weber

Michael Weber is Professor of Agricultural Economics in the Department of Agricultural Economics at Michigan State University (MSU). He is also Co-Director, along with Dr. John Staatz, of the Food Security II Cooperative Agreement between USAID and MSU. Professor Weber has 25 years experience at MSU working on economic growth, food/agricultural system development, and host country policy analysis capacity building, in Latin America, Thailand and especially Africa. He speaks Spanish, Portuguese and modest French. He is currently involved in food security related work in Africa, with special focus on Mozambique, Ethiopia, Mali and Rwanda.

David Wilcock

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Agricultural Policy Reform, Growth and Food Security: "Preparing for the 21st Century"

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**CASE STUDY
PANELS I AND II**

AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE III

Under contract to the Agency for International Development, Office of Agriculture and Food Security (G/EGAD/AFS)

**A worldwide project of the U S Agency for International Development (USAID)
Sponsored by the Bureau for Global Programs, Field Support and Research,
Center for Economic Growth and Agricultural Development, Office of Agriculture
and Food Security (G/EGAD/AFS)**

Implemented by a team of institutions led by Abt Associates Inc

*Prepared by Mildred A Morton
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The Agricultural Policy Analysis Project (APAP) has been providing assistance to USAID missions and host-country decision makers in 48 countries since 1983. By identifying and resolving problems related to agricultural policy, APAP promotes sustainable economic growth through policy reform. Missions obtain country-specific assistance through buy-ins. Core funds support synthesis research, training, methods development and dissemination to enable individual countries to benefit from the experience of others.

APAP's 15 Years

APAP I (1983-88) was the first centrally-funded project to focus on field-defined policy support services. The project provided a broad range of analytical support and training for more than 25 USAID missions around the world as they entered policy dialogues with host country governments. For example, APAP teams conducted studies of wholesale market policy in Jordan, rice policy reform in Madagascar, and agricultural policies in West African countries. APAP I assistance included

- Identifying and analyzing policies and their effects on agriculture
- Implementing price policy reform
- Building the capacity of host governments to conduct and apply rigorous agricultural policy analyses
- Using food aid to support policy reform by minimizing the short-term negative impacts on vulnerable groups in society
- Expanding the role of the private sector through such actions as privatization of fertilizer distribution, liberalization of grain marketing, and elimination of policies that promote food imports

APAP I developed and tested several tools and methodologies, including an agricultural policy inventory to assist in setting priorities for analysis and dialogue and policy training software applications. Many tools are still useful today and continue to evolve as policy analysis and reform efforts continue.

APAP II (1988-93) built on the experience of APAP I, providing assistance with evolving issues such as

- Expanding agribusiness and developing supportive international trade policy
- Analyzing the effects of structural adjustment on agriculture
- Promoting sustainable agricultural and natural resource use
- Building agricultural policy analysis capabilities

APAP II was fully subscribed by the end of its second year of operation, providing assistance to 24 missions and three regional bureaus. Mission work included environmental policy inventories in five Central American countries, studies of the return on investments in irrigation projects in Asia, and creative approaches to ensure that vulnerable groups were cushioned from the effects of market liberalization. For example, in Madagascar, an APAP team designed and evaluated a buffer stock program to shelter the urban poor from rice price increases stemming from liberalization of the rice market. Major tools created in APAP II and still being used include

- Agribusiness Policy Inventory - a tool for identifying specific policies that inhibit or promote the development of a vibrant agribusiness system
- Contribution of Agribusiness to GDP - a concise methodology for measuring the contribution of agribusiness to national income, to demonstrate to policy makers the significant role agribusiness plays in the national economy and economic growth
- Policy Analysis Matrix (PAM) Materials - creation of materials to make PAM more accessible to practitioners in developing countries (PAM is a tool for assessing the position of the private sector on trade and domestic policies and market failures. It helps policy makers assess the tradeoffs involved in implementing reforms that ensure efficient resources use.)
- Natural Resource Policy Inventory - a tool for examining the linkages between agricultural and natural resource policy agendas

A mid-term evaluation, completed in 1992, confirmed APAP strength in technical assistance, training, and dissemination of information. Field and bureau staff reported satisfaction with the high quality of personnel provided for technical assistance and with the reports they produced. Training activities broadened analysts' understanding of policy issues and increased the use of computer technologies in assessing policy issues. Project results were communicated effectively through newsletters, seminars, reports, and research studies.

APAP III (1993-98) has emphasized making markets work better (with better policies). It has focused on identifying economy-wide and sectoral policy issues and resolving problems relating to agricultural growth. For example, APAP teams supported the liberalization of Malawi's agricultural sector, conducted a comprehensive analysis of policies affecting agriculture in Jordan, working with the Ministry of Agriculture to establish a plan for action, and assessed a safety net program in

Ethiopia, showing that needy populations were targeted effectively APAP III assistance included

- Implementing policy analysis and reform to make markets work better
- Promoting agricultural and environment sustainability
- Assessing impacts of policy reform on various socioeconomic groups and on natural resources, such as water and forests
- Building capacity to initiate, implement and sustain agricultural policy reform in Africa

APAP III has continued to apply tools and methodologies developed in APAP I and II and has developed additional tools to address country needs

- Guidelines on National Comparative Advantage and Agricultural Trade - practical methods for conducting comparative advantage analyses
- Guidelines on Agricultural Market Performance - analytical methods to assist in assessing market performance in developing countries
- Food Security Policy Inventory - a tool for identifying policies that affect food security, their impacts, and the priorities for reform or further research

Over the 15 years, APAP's changing areas of emphasis reflect USAID's changing commitment to agricultural development APAP I focused on establishing the policy framework in USAID recipient countries and the policy implications of food aid and trade APAP II supported structural adjustment, trade, and the contribution of agriculture to GDP APAP III emphasized policies relating to agribusiness, food security and marketing, and the analysis of performance Along the way, APAP made considerable progress in developing ways to work with decision makers, create demand for policy analysis, and provide tools that respond to analytical needs as reform efforts evolve

Countries receiving APAP assistance over the 15 year period include

Antigua	Kenya
Bangladesh	Liberia
Belize	Macedonia
Botswana	Madagascar
Burkina Faso	Malawi
Cameroon	Malaysia
Costa Rica	Mali
Côte d'Ivoire	Morocco
Dominica	Mozambique
Dominican Republic	Niger
Ecuador	Pakistan
Egypt	Peru
El Salvador	Philippines
Ethiopia	Poland
Ghana	Russia
Grenada	Saint Kitts/Nevis
Guatemala	Saint Lucia
Guinea	Senegal
Haiti	Sri Lanka
Honduras	Thailand
India	Uganda
Indonesia	Yemen
Jamaica	Zambia
Jordan	Zimbabwe

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Purdue University, Department of Agricultural Economics
International Food Policy Research Institute (IFPRI)
University of Arizona
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Highlights of APAP Experience

Malawi

APAP played a central role in supporting USAID efforts to liberalize Malawi's agricultural economy by providing short-term teams to conduct specific analyses and long-term assistance to help coordinate the reform effort. Through these efforts, an economy characterized by pervasive government control is being replaced by one directed by market forces.

In 1994, an APAP team coordinated and developed a package of policy adjustments with the Government of Malawi, the private sector, and donors. Policy reforms focused on increasing equity and efficiency in Malawi's agricultural sector through liberalization of agricultural output and input markets and reform of agricultural institutions. The reforms opened opportunities for the small farm sector by eliminating production and marketing quota systems that benefited elite estate owners and government parastatals.

Following Malawi's first open democratic elections, delays in implementing key reforms threatened to affect the agricultural season. For example, policy changes for liberalizing fertilizer distribution were at an impasse. Devaluations of the Malawian currency affected both the value and replacement costs of fertilizer stocks. Ambiguity existed over the changing roles of parastatals and private sector distributors. Consultations with an APAP advisor led the government and parastatal officials to implement liberalization recommendations quickly.

In 1996, an APAP team assessed the functions of the Agricultural Development and Marketing Corporation (ADMARC) and developed a strategy and action plan for its privatization. A second team assessed the food security situation in the country and examined whether changing policies support both food security and the transition to a market economy. Their report served as a catalyst, stimulating dialogue on food security and enhancing understanding of the actions the government can take to promote food security without undermining the momentum towards a market economy.

Madagascar

APAP assisted Madagascar's transition from a state-dominated to a free market economy. APAP I analyzed the impact of price reform in the rice subsector, demonstrating the costs of the existing state monopoly and the related barriers to interprovincial trade in rice. APAP's work coordinated with the World Bank's structural adjustment program and resulted in the liberalization of the rice marketing system in 1986.

APAP II teams conducted studies on the creation of a buffer stock to protect urban rice consumers from sharp increases in prices due to liberalization and import restrictions. A subsequent study under the Agricultural Marketing Improvement Strategies project highlighted the positive impacts of liberalization on rural and urban consumers.

Jordan

Working with the World Bank and GTZ (the German aid organization), USAID assisted the Ministry of Agriculture in Jordan to design and implement far-reaching agricultural policy changes. APAP II completed a comprehensive analysis of policies affecting agriculture in Jordan. The Ministry of Agriculture used these findings to develop an Agricultural Policy Charter.

Subsequently, an APAP team worked with the ministry to develop a planning frame that established priorities for more than 75 potential reforms, rank ordered them within the context of charter objectives, and analyzed the technical and institutional requirements for implementation. Separate teams worked on legal and regulatory issues, environmental assessment needs, and quantitative methods for monitoring progress. Each team hosted a series of workshops to discuss findings. APAP provided training to ministry staff in computer-assisted analysis and in the design and testing of a household-level survey.

Through painstaking research, ongoing collaboration, and careful decision making, a \$300,000 investment in APAP helped Jordan's policy makers create a more competitive agricultural sector and leverage \$75 million in support from other donors and financial institutions.

Haiti

In the late 1980s, about 60 firms were exporting or processing agricultural products in Haiti. But from 1991-93, the Organization of American States restricted imports and exports and most international trade ceased. In 1995, APAP conducted an agribusiness sector assessment and worked with USAID/Haiti to develop an action plan to address factors constraining trade.

The APAP team recommended that donors provide loan or grant funds to recapitalize Haitian agribusinesses, establishing an operating capital loan program to enable experienced agro-industrial firms to increase their level of activity. The team also recommended training for loan officers in Haiti's commercial banks to increase their capacity to do agricultural lending.

The team advised donors to strengthen foreign trade and investment, for example, through the creation of a clearinghouse for information and advocacy and the provision of grants to investors to reduce the costs of overcoming constraints. Finally, the team recommended increasing credit and extension services to farmers.

Each recommendation was designed to increase food security in the short term and reduce the need for food aid which can remove farmers' incentives to produce, change local food preferences, and create uncertainties that complicate the management of agribusiness. Understanding this connection helped donors and the Government of Haiti to plan for the long run and put in place food security policies that foster agribusiness development, strengthen markets, and increase agricultural productivity.

Egypt

In 1994, under a buy-in with USAID/Cairo, an APAP team assessed the impact of Egypt's policy environment on agricultural services and industries. Field work involved an extensive review of secondary materials, including laws and regulations, and interviews with entrepreneurs and policy makers. Using the agricultural policy inventory, the team summarized policies and assessed how they affected employment, trade, investment, and technology transfer in agricultural enterprises.

The team found that many important pricing reforms had been made (including the liberalization of the exchange rate), but other policies were constraining progress. For example, laws restricting the hiring and firing of employees discouraged entrepreneurs from making new investments and acquiring new technology. Although the government had changed its policy of guaranteeing employment to all university graduates, government offices and public enterprises remained overstaffed, setting a tone that affected the private sector too.

Dominican Republic

In a review of environmental policies in the Dominican Republic in 1992, an APAP team found that many pressing environmental problems were linked to inadequate policies and insufficient support for improved cultivation practices. The study focused on four key areas: sustainable agriculture, water resource management, forestry, and wildlands and biodiversity, identifying the major policies in each area and the agencies responsible for policy implementation.

The APAP team recommended new policy initiatives, including community conservation programs and active private sector participation in the dissemination of integrated pest management technologies. To address soil erosion, the team recommended the development of a national water resource management plan. To improve forestry policies, they advised that resource ownership rights be clarified, environmental education programs in schools be bolstered, and that forestry research and management capabilities be strengthened, especially in native species. The development of policies affecting wildlands and biodiversity required studies of the economic and social value of wildlife species and better coordination among responsible agencies. Finally, the team recommended the expansion of two national parks and the development of integrated management plans to financially benefit both neighbors of protected areas and the implementing agency.

Macedonia

In 1995, an APAP team traveled to the Former Yugoslav Republic of Macedonia to assist the government in developing a new policy framework. Their work was part of the preparatory work for a proposed World Bank project to support private farmers.

Agriculture was the only growth sector in Macedonia in 1994 and its role was extremely important. The government was just beginning the transition to a market economy and working towards the integration of its agricultural policy within Europe and the World Trade Organization. It was restricted by the United Nations sanctions against Serbia, one of its largest trading partners, and a Greek-imposed blockade that prevented access to a deep water sea port.

The APAP team gathered data and conducted analyses on several commodities. Analysis indicated that the level of subsidies and protection was relatively high for wheat and relatively low for milk and sunflower seed. The team recommended that the levels of protection be brought down gradually by eliminating guaranteed prices based on cost of production and creating a market information system to provide farmers with price signals. They advised the government to assess its strategy of 100 percent food self-sufficiency and determine whether benefits would accrue from agricultural exports.

Although the government gathered social sector information routinely, it had little information on the private sector, especially private farms. The team recommended that the government conduct a statistical survey to provide baseline data on agricultural production and socioeconomic variables in the private sector and determine long-term agricultural comparative advantage. Promising commodities were livestock and early season fruits and vegetables.

Mozambique

A 1995 evaluation of USAID's Private Sector Support Program (PSSP) in Mozambique documented the significant changes that occurred in the agricultural and petroleum sectors over the previous five years. An APAP team found that PSSP was an important contributor to the joint efforts of the government of Mozambique, the World Bank, the International Monetary Fund, and other donors in reorienting the Mozambique economy towards market-based sustainable growth. Liberalization of agricultural prices had progressed to cover nearly all agricultural products. People were more and more willing to trust the market process. The development of a market information system, through technical assistance from Michigan State University, was facilitating the liberalization of prices and providing a tool for both making and monitoring agricultural pricing policy.

Although divestiture of state farms was almost complete, several problems remained, including conflicting land claims, land access issues for farmers, and conflicts relating to urban spread and access to water. The Commodity Import Program provided tractors, small trucks, and other farm equipment, helped reestablish farm production, improved the movement of people and products to and from market centers, and increased the supply of agricultural inputs. In Maputo and Beira, a functional free market in food grains and other foodstuffs had replaced the rationing system. Retail trade had been liberalized and expanded as small-scale itinerant traders supplied consumer goods to rural areas and scoured the countryside for farm products to retail in an increasing number of open-air markets.

Food aid, provided by the United States and other donors, was handled in ways that contributed to the development of private trade in grain. Until 1990, state-owned milling and wholesaling enterprises were the sole recipients of program food aid. When these public firms failed to make all of their counterpart local currency payments, donors decided to allocate part of the maize to private millers. In 1991, private mills handled 20 percent of food aid, in 1992, they handled about 80 percent of food aid. In subsequent years, all commercial food aid was allocated to the private sector.

PSSP's policy agenda included petroleum importation and marketing because of the need to assure adequate fuel for transportation and agricultural activities. USAID was active in policy dialogue, contributing to significant policy reforms in the importation, pricing, and marketing of petroleum products.

Technical assistance for PSSP was provided by Cornell University, Michigan State University, and the University of Wisconsin Land Tenure Center. Activities included on-the-job training, and degree and non-degree courses for a small number of Mozambican professionals. These individuals are now addressing Mozambique's ongoing work in private sector development.

**CASE STUDIES
PANEL III**

AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE III

Under contract to the Agency for International Development, Office of Agriculture and Food Security (G/EGAD/AFS)

Agribusiness Development and Policy Reform in Russia: The Program to Revitalize Agriculture Through Regional Investment

Rory E. Anderson
Project Manager APAP III

Economic Development The Intersection of Business and Policy

In successful market-oriented economies neither business nor policy operate in a vacuum, instead, the two are closely-linked, and their collaboration becomes the foundation for longterm economic growth. Since 1990, Russia has been undergoing a difficult transformation into a market-oriented economy. While Russia has experienced progress toward achieving that objective, economic growth has proven elusive in many regions of the country, and the need for major changes in investment and agricultural policies remains crucial.

With Russia's movement towards a more decentralized federal state, the role of elected regional leaders has become increasingly more central to economic policy. Local governors and legislatures have begun to exercise authority in dealing with important regional issues, such as investment promotion, land reform and, on occasion, even challenged the authority of the Federal government on such crucial issues as land policy.

The Agribusiness Committee of US-Russia Bilateral Commission for Economic and Technical Cooperation (formerly also known as the Gore-Chernomyrdin Commission and, currently, the Gore-Kirienko Commission, or GKC) recognized the important and positive impact this shift of power could have on foreign and domestic investment in agriculture. The Bilateral Commission's Agribusiness Committee's Working Group on Agricultural Reform and Privatization created the Program to Revitalize Agriculture through Regional Investment (PRARI) as a vehicle to support Russian regional leaders in their efforts to promote investments through policy and institutional reform. PRARI was designed and is managed as a bilateral United States - Russia partnership program. On the U.S. side team members consists of USAID, and the US Department of Agriculture, representatives of various business organizations and two technical assistance contractors, Abt Associates and Louis Berger International.

At the inception of this initiative in mid 1997, PRARI managers identified several key Russian (regions) that held promise for significant reform initiatives. A U.S. Agribusiness Investors Round Table was held in Chicago during July 1997 to advise U.S. agribusiness representatives of new investment opportunities emerging in the selected regions and to take stock of reform efforts in each of the five Russian regions. The Chicago Round Table served a facilitating role in establishing contacts between representatives from the U.S. agribusiness community and regional officials. The Roundtable also promoted dialogue regarding methods of lowering formal and operational constraints to direct U.S. investment in the designated regions.

The Foreign Investor's Perspective Constraints to Conducting Agribusiness in Russia

The PRARI Team was asked to provide technical assistance to prepare for and to attract investment in selected PRARI oblasts. Team members recognize that the key to longterm investment starts with effective dialogue between investors, both U S and Russian, and key host country government officials. It is important for all parties to communicate expectations and to establish reliable mechanisms for dialogue in order to maintain viable and beneficial partnerships. As part of our technical role in facilitating the PRARI process, team members from Abt Associates, Louis Berger

International, USAID and USDA conducted a thorough study to understand and to convey what agribusiness investors found to be the major constraints to doing business in Russia. Our approach was to conduct in depth, on-site interviews, and to conduct field visits to see first hand the context of the problems. The key problems which the PRARI team identified include

Creating an Investor-Friendly Environment

Much of the success of the Samara Conference was in the honest self-assessment of many of the problems which have been barriers to investment. In our role as facilitators, the PRARI team helped oblast officials identify concrete ways in which oblast authorities can create a more favorable investment environment.

- ◆ **A Centralized Point of Contact** Enhanced provision of legal, financial and consulting services to prospective investors in agribusiness,
- ◆ **Leasing Arrangements** Promotion of financial leasing arrangements as an effective mechanism to support investment activities,
- ◆ **Options for Financing** Development of a wider range of available project financing practices
- ◆ **Training for Oblast Officials** To facilitate transactions between investors and government officials provisions for technical training, including training on international accounting standards, marketing and investment promotion for relevant oblast administrators,
- ◆ **Exchanging Lessons Learned** Organization of information exchanges between participating PRARI oblasts regarding the lessons learned throughout the PRARI initiative

- ***Complicated Tax Laws and Inconsistent Enforcement*** Our review of the current system identified 12 different federal taxes and a similar number of local oblast and kray taxes which can be imposed. Included in this myriad of taxes is an irregularity of tax law enforcement. (Investors singled out wine and spirits production as a notable example.) For a number of enterprises tax collection levels are extremely low, so that the benefits of a short term tax abatement for a new investor are far less important than the longterm competitive disadvantage of being a law abiding company who competes with those who avoid paying taxes or obeying other rules.
- ***Rule of Law*** Issues of transparency and the supremacy of the law is a sensitive subject when investors discuss issues surrounding contract enforcement and debt collection. Although oblast officials are often quick to point out problems raised by unscrupulous businessmen, arbitrary

investor confidence

- **Political Stability/Risk Management** Investment decisions in agribusiness can best be understood as a question of risks and rewards. Investors will be more willing to invest for the longer term if they are confident that the risks of doing so are low. Indicators of political stability cover a wide range of factors, from civil security, law and order, and the consistent application of laws and regulations. In one case studied, an international input supplier reported that with a change in Governors, regional officials refused to honor guarantees provided by the previous administration, resulting in a \$6 million loss to the supplier. Policy decisions at the oblast level can often go far toward creating a sense of security on the part of investors, and the existence of opportunities for regular dialogue will ease investors' concerns about the predictability of the operating environment for business within an oblast.
- **Limited access to credit** Investors have cited this as a significant hindrance to start up and expansion of business. Most of local Russian agriculture is still dependent on subsidized credit from the Russian Federation. But scarce State resources often prove inadequate to meet the capital intensive demands for high-output agriculture. To

illustrate, in Krasnodar, the annual working capital requirements for 1998 were estimated at 5 trillion roubles, while the total soft loan fund available for the entire Russian Federation for 1998 is expected to be, at most, 7-10 trillion Rubles. Moreover, sources of hard collateral—which is a common form of securing credit—are limited if land ownership is restricted. Many oblasts still maintain restrictive land ownership policies, which is much of the reason why financial institutions have not been willing to provide credit. Capital equipment can be used as collateral, but new businesses, especially emerging Russian entrepreneurial agriculture-related businesses, are less likely to have such collateral. Even though bankers report that their repayment rates tend to be very high, they will not lend without collateral. Land laws that do not include ownership rights, make it close to impossible for businesses to obtain the necessary credit to do business.

PRARI Follow-Up Next Steps

The PRARI team has assisted the selected oblast administrations in the following ways

- ◆ **Workshop Follow-up** The PRARI team has conducted follow-up visits to oblasts to provide assistance in implementing workshop recommendations such as developing investment strategies and investor services centers.
- ◆ **GCC X and GKC Preparation** We have been working with oblast officials to prepare specific action agendas and results for each oblast to present at the next bilateral meeting.
- ◆ **Investment Referrals** The PRARI team has assisted in linking potential U.S. investors together with Russian agribusiness representatives and key oblast leaders.
- ◆ **Investor Promotion Conference** In August 1998, through Abt Associates, the PRARI team will sponsor an Investment Promotion Conference in Russia, in collaboration with oblast officials and key agribusiness investors to establish local business centers which will answer questions and offer guidance for interested investors.

Moving Forward with Solutions

With identification of problems has also come the formulation of solutions. What makes PRARI exciting has been the genuine

between these two groups, who both realize that their goals are, indeed, similar. A critical initiative of PRARI was the Regional Workshop on Improving the Investment Climate in Selected Regions in Russia, held in Samara, Russia January 20 -21, 1998. The participatory nature of the workshop, with the collaboration of U S and Russian investors as well as oblast and federal officials, made it possible to identify and reach agreement on specific policy and institutional impediments to investment. This dialogue proved to be a vital achievement as it allowed the participants to construct a meaningful and realistic policy reform agenda for the near-term, which will lead to increased investor confidence over the medium to long-term. Potential U S agribusiness investors, anxious to identify investment partners and investor-friendly settings, were apprised of changes currently taking place in certain regions throughout the country. Specific progressive oblasts were identified as those where investment conditions have improved. Investors and oblast representatives were able to meet directly to discuss issues related to investment and investment security. The workshop provided oblast officials and representatives of Russian and U S agribusiness their first opportunity to share experiences and perspectives on investment, impediments to investments, and to identify steps which could improve the investment climate. A very positive atmosphere was created when oblast officials began to take responsibility and ownership of the Workshop agenda. Competition among oblasts was noted as each attempted to present favorable investment promotion plans. Russian participants produced an unprecedented resolution addressed to federal policy makers advocating changes to facilitate investment. In this atmosphere, U S business representatives benefited from the opportunity to air their complaints about investment risks openly with oblast officials. In a time where national borders are no longer boundaries for business, Russia's competitiveness will be judged by its ability to build beneficial partnerships based upon honest dialogue and collaboration between government and industry, a critical factor in the transformation of its economy.

AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE III

Under contract to the Agency for International Development, Office of Agriculture and Food Security (G/EGAD/AFS)

IMPLEMENTING THE ACTION PLAN FOR REGIONAL FACILITATION OF THE LIVESTOCK TRADE IN WEST AFRICA'S CENTRAL CORRIDOR

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1 Introduction

Past efforts at promoting regional economic integration in West Africa have generally been disappointing. However, in recent years the proponents of greater cooperation in West Africa's regional markets for agricultural products, including livestock, have undertaken progressive actions that are increasing the efficiency and lowering the costs of cross-border transactions in the so-called "central corridor", comprising Mali, Burkina Faso and Côte d'Ivoire. In an increasingly liberal political environment, businessmen, professional groups and other private citizens are discovering new ways of working with governments and regional organizations to influence public policy and support implementation of reforms.

This document summarily describes a pilot initiative, the *Action Plan for Regional Facilitation of the Livestock Trade in the Central Corridor*, and how donors have supported the implementation of reforms aimed at reducing transactions costs in three countries. The initiative is particularly interesting, given that it evolved through various USAID project vehicles: initial market analysis and policy recommendations were developed under the *Agricultural Marketing Improvement System Project*, support for implementation of reform was carried out under the *Implementing Policy Change Project*, while the transition of responsibilities to local policy-makers and institutions was carried out under the *Agricultural Policy Analysis Project III*.

2 Problem Identification

The importance of livestock to Sahelian economies cannot be underestimated. The marginal productivity of this semi-arid zone creates a fragile base for rainfed agriculture. In the central and northern provinces of Sahelian nations traditional strategies for livestock production have been based upon nomadic or transhumant pastoralism, i.e. systematic seasonal movements of herds that follow periodic availability of water and pasture. In higher rainfall zones livestock production is more intensive and integrated with semi-intensive cropping systems.

The Sahelian countries of Mali and Burkina Faso (along with Niger and Chad) have been important suppliers of live animals to coastal West African markets for decades. Droughts in the early 1970s and in 1983-84 reduced the regional livestock population and the supply of export grade animals to the coast during subsequent years. The growing human population of Sahelian countries, particularly in urban areas, expanded domestic demand, which reduced the availability of export grade stock for shipment to coastal markets.

At the same time international agricultural commodity markets became more globally integrated during the 1980s, increasing competition between Sahelian exporters and European Community (EC) suppliers of chilled and frozen meat to coastal West African markets. The European Union's Common Agricultural Policy enhanced competitive advantages for meat, offal and poultry exports from the EC, principally through export subsidies.

Combined with overvaluation of the CFA franc, European dumping eroded the market share of Sahelian livestock suppliers to their principal markets throughout the 1980s. At the same time, economic contraction and declining per capita income in virtually all countries of the region continued to erode the competitiveness of Sahelian livestock. Maintenance of public communications and transport infrastructure fell behind. Arrears in civil service salary payments and the inability of governments to adjust salaries in line with inflation provided a powerful stimulus for governments in the region to tolerate rent-seeking by public officials, often in the form of extortion of the general public or refusal to perform official duties unless bribes were paid. Government budget shortfalls stimulated new forms of taxation in the form of professional licensing, taxes on annual business turnover, obligatory fees for real and fictive services, and new national, provincial and municipal taxes.

3 Analytical Underpinnings of the Initiative

In 1989 the Sahel/West Africa Regional Programs Office of USAID's Africa Bureau funded a study of barriers to regional integration of the Sahelian livestock trade with coastal nations.¹ The team examined the chain of transactions that occur as livestock are moved from Sahelian production zones to coastal markets and sought to identify ways in which the trade could be rendered more efficient. The study's findings demonstrated numerous opportunities for lowering the costs of cross-border livestock trade. Creation of a liberalized, better-integrated regional market, in terms of the elimination of regulatory and other barriers was identified as a reasonable and obtainable goal. However, a wide variety of policy and institutional reforms were identified as necessary steps in this process.

In 1991 the World Bank's Sahel Country Operations Department and SAID jointly financed the formulation of an action plan to implement the recommendations of the earlier study. A field team conducted further data gathering and analysis. According to the team's findings (based on a sample of several hundred interviews and excluding livestock acquisition costs in production zones), median marketing costs were broken down as follows: transport and handling, 60 percent, official costs (veterinary, export formalities, municipal taxes, etc.), 21 percent, informal costs,

¹ John Holtzman and Nicolas Kulibaba. Livestock Marketing and Trade in the Central Corridor of West Africa. Washington, DC: U.S. Agency for International Development, Africa Bureau, Agricultural Marketing Improvement Strategies Project, 1992. An earlier draft of this study, by the same authors, Livestock Marketing and Trade in the Mali/Burkina/Côte d'Ivoire Corridor, was widely circulated and cited beginning in 1990.

seven percent, quasi-official costs, three percent, commissions, four percent, cost of capital, two percent, and livestock maintenance, three percent. Given the relative importance of transport costs, efforts to reduce these were deemed to have proportionately the greatest payoff.

For the purpose of crafting a program of action, the team categorized the principal barriers to regional integration on the basis of (i) informational and infrastructural impediments to efficient trade, (ii) regulatory and administrative encumbrances on private economic activity, and, (iii) problems of governance stemming from rent-seeking and the abuse of administrative and police powers. The series of actions and reforms proposed by the team were estimated to have net potential outcome of reducing marketing costs by 13-19 percent and to increase average savings (i.e., returns to traders or economies that might be passed on to consumers) by more than 50 percent. The final product of the study, *Liberalizing Regional Markets for Livestock Products: An Action Plan for the Mali, Burkina and Côte d'Ivoire Corridor*, was subsequently distributed to relevant governments and became the subject of numerous multilateral meetings of regional organizations.

The goal of the Action Plan was the reduction of superfluous costs and inefficiencies that increase the cost of livestock and meat to consumers in West Africa's coastal cities. Higher costs reduce demand for Sahelian livestock, and erode profit margins for Sahelian livestock producers. The reform agenda proposed by the Action Plan was derived from an intensive study of the cost of the series of transactions that typically occur as livestock are traded between Sahelian and coastal markets.² Aside from livestock purchasing transactions, a wide range of other costs were considered: official licenses, taxes and levies, transport costs (including those associated with the trekking of animals, trucking and rail transport), fees for services (including marketing intermediaries), and costs incurred as the result of bribery or extortion by government officials and security forces.

Existing barriers to regional integration in livestock trade along the central corridor are heterogeneous in nature. Broadly speaking they stem from (i) geographical and infrastructural impediments to efficient trade and transport, (ii) complex or costly policies and procedures that encourage evasion, non-compliance, or inefficient administration, and (iii) inefficient management of public resources and infrastructure.

Two additional categories of barrier reflect complex and deep-rooted problems of societal equity and governance. In numerous instances constraints have been identified that appear to result from official efforts to bolster or sustain the power of privileged economic actors. These appear in the form of official or quasi-official requirements to utilize the services of a particular

² The marketing chain typically includes collection markets, at which producers sell their animals, redistribution or regroupement markets, where livestock are resold for shipment to major urban markets, and terminal markets, where livestock are sold to butchers, slaughtered and their meat sold at retail.

class of intermediaries (e.g. customs brokers or licensees) The economic viability of these services generally resides solely in the official requirement--in the form of coercion by government officials--that they be used. A second, more critical impediment is tolerance of rent-seeking by government agents, both on the part of national political leaders and by the general public, which has traditionally perceived itself to be powerless to effect change. Corruption not only constitutes an economic barrier to trade. When it is allowed to flourish, it erodes public confidence in the rule of law and generates a proliferation of dysfunctions that become ingrained in political and institutional culture.

4 Genesis of the Action Plan

At the time that the Action Plan was drafted, a number of the transaction costs identified in the plan were already being reduced progressively in the context of World Bank structural adjustment programs, such as the elimination of export taxes and the simplification of export formalities. The Action Plan team, however, identified further options for the reduction of official costs through the elimination of levies for which no or limited services were provided, and reform of veterinary services. Certain quasi-official intermediary costs, such as export brokerage, mandatory payments to Chambers of Commerce, and other fees were cited as being redundant, unnecessary or disproportionate to their intended purpose. The scope for reducing informal and unofficial costs was identified as being much greater. These costs included "voluntary" levies by trader and merchant organizations as well as various informal payments to civil servants and unformed services. Table 1 summarizes the strategy formulated by the World Bank/USAID Action Plan.

In March 1992, at a conference jointly-sponsored by the *Comite Permanent Inter-Etats de Lutte Contre la Secheresse dans le Sahel* (CILSS)³ and the *Communaute Economique du Betail et de la Viande* (CEBV)⁴, representatives of twelve nations in the Sahel and coastal West Africa adopted a modified version of the World Bank/SAID Action Plan. Henceforth known as the Nouakchott Action Plan, the 1992 document incorporated most of the earlier recommendations, in addition to a number of measures aimed at enhancing the quality of information and services available to private economic actors in the livestock export sector of the Sahelian nations. *The greater significance of the Nouakchott Action Plan was that it represented an approach to regional integration on which there was consensus and support, and which was not dependent upon major infusions of donor capital or government investment.*

³ *Permanent Inter-state Committee for the Struggle Against Drought in the Sahel*

⁴ *Economic Community of Livestock and Meat*

Table 1
Strategy Formulation for Cost-Reduction in Intraregional
Livestock Trade in the Central Corridor

Problem	Strategic Goal	Strategic Objectives
Geographic & Infrastructural Impediments to Efficient Trade	Greater efficiency of road and rail transport	<ul style="list-style-type: none"> • Rationalization and coordination of investment, maintenance, and management of regional transport infrastructure • Deregulation of international trucking • Alignment of national policies and schedules for the liberalization of transport tariffs
	Improved market information	<ul style="list-style-type: none"> • Rationalization and coordination of national market information systems • Timely dissemination of market information on a regional basis
Regulatory & Administrative Barriers to Efficient Trade	Facilitation of livestock trade	<ul style="list-style-type: none"> • Simplification of procedures and reduction of incumbent costs • Suppression of requirements for intermediation • Suppression of all quasi-official taxes, fees-for-service, and non-official levies
Problems of Public Administration & Governance	Elimination of rent-seeking by public officials and their agents	<ul style="list-style-type: none"> • Formulation of national strategies for improved public administration • Institutionalization of national strategies for oversight and enforcement • Restructuring of control services including changes in recruitment, and of incentive and penalty structures • Mobilization of public support and participation

The World Bank/USAID Action Plan and the CILSS/CEBV Nouakchott Plan presented an integrated approach to reform that was built upon the convergent interests of government and the private actors who will be the ultimate beneficiaries of reform. These included both large- and small-volume livestock producers and traders, private transporters, and the consumers of livestock products in each of the three target nations. Success depended upon accurately identifying and aligning the interests of those involved so as to facilitate carrying out the measures targeted in the Action Plan. Technical assistance for implementation of the Action Plan, begun in September 1992, introduced strategic management as an approach to promoting, coordinating and implementing administrative and policy reform in each of the Action Plan countries. The technical assistance team, which included Americans and Africans, worked with national coordinating committees (comprised of government officials from a variety of agencies and private actors) in Mali, Burkina Faso and Cote d'Ivoire, and government technical units and stakeholder groups in all three countries to develop strategies and workplans for (i) identifying alternatives to existing policies, procedures and regulations, (ii) developing consensus and support for those changes, and (iii) coordinating related initiatives in each of the Action Plan countries.

5 Organizing the Initiative

Implementation of the Action Plan was--and in somewhat modified form continues to be--carried out by *ad hoc* national committees, which combine public and private sector interests as well as stakeholder groups of traders, transporters, and livestock producers. The structure and composition of national coordinating committees (*cadres de concertation*) was decided upon at the 1992 Nouakchott conference, with each committee to include representatives of ministries charged with oversight of livestock production and health, commerce and finance, representatives of the Burkina Faso and Côte d'Ivoire railways, and representatives of private stakeholder groups (including, but not limited to transport, livestock trader, and butchers syndicates, and non-governmental associations of livestock producers). Notably absent, in the earliest stages of Action Plan implementation were representatives of national security forces. However, representatives of the Ministry of the Interior, (whose oversight responsibilities include the military and police forces), were subsequently included in the Malian and Burkinabe national committees.

6 A Changing View of Technical Assistance

The Action Plan countries, like others in the developing world, are imbued with a perspective of donor initiatives that is project-based. As such, each donor initiative usually has its own identifiable institutional base (usually a government ministry), its own resources and local labor pool, and a finite set of preplanned activities. The project is, in the traditional sense, an autonomous, self-contained entity. The Action Plan initiative, however, extended beyond a limited project focus, seeking to promote an implementation process that is flexible and responsive to changing circumstances. The Action Plan's structure has been ever-changing, involving an array of stakeholders and government officials that has evolved with the achievement of particular objectives and the emergence of new issues. Because the initiative's objectives focused on obtaining new efficiencies in commerce, the principal lens through which the initiative has tended to view the world has been that of the private trader or the consumer of livestock products, rather

than that of governmental agencies or ministries⁵ National coordinating committees, the only institutional constant associated with the initiative, have seen members rotate in as their own interests were affected, or out as they became disillusioned with a process that seemed to hold no prospect of immediate access to significant donor funds

Although the technical assistance component of the Action Plan employed local consultants and funded a small set of logistical support activities on an *ad hoc* basis, it established no staff and provided no constant flow of budgeted resources for participants⁶ Instead, the initiative presumed that participation would be motivated by the economic or political interests of stakeholders in the outcome of the initiative's reform agenda Consequently, the initiative followed from the principle of inclusiveness to accommodate the shifting universe of individual and constituent interests The accomplishment of Action Plan objectives, however, led to the emergence of factionalism within participant countries, governments and professional groups and a growing emphasis on national coordinating committees as fora for the negotiation and resolution of conflicts

Technical assistance to implementation of the Action Plan for Regional Integration of Livestock Trade employed a variety of techniques and approaches relevant to the heterogeneous nature of the Action Plan objectives The principal purpose of technical assistance to this activity has been to work with stakeholder groups and national coordinating committees to (i) identify the most valuable techniques for strategic pursuit of policy objectives, (ii) develop the capacity of those groups to employ a range of analytical and organizational tools appropriate to their respective missions, and (iii) facilitate communication among groups in each of the Action Plan countries for the purpose of coordinating their activities and sharing lessons learned about the value of particular strategic management tools and approaches

7 Outcomes

During its first several years, the Action Plan initiative was successful in three key domains

- **Reducing the costs of cross-border livestock commerce** by (i) assisting stakeholder lobbying for the effective suppression of quasi-official transport and commercial syndicate levies in Côte d'Ivoire, (ii) standardizing regional licensing fees and suppressing superfluous taxes in Burkina Faso, (iii) assisting Malian policymakers to reduce the number of administrative procedures required for livestock exports, (iv) facilitating the creation of a regional network for the timely

⁵ In this respect, the Livestock Action Plan bears a similarity to another IPC activity, the West African Enterprise Network

⁶ Modest financial support for the national Action Plan coordinating committees was provided only beginning in June 1995, for the explicit purpose of improving communications between national committees

exchange of market information between Sahelian production zones and coastal markets, and (v) educating livestock traders, butchers, transporters and consumers about their rights under the law, particularly with regard to extortion by civil servants and uniformed services

- **Assisting governments to devise more efficient processes and procedures for the administration of international trade**, including (i) progressive reduction of export formalities and, eventually, the suppression of all but one export "declaration" which is presented at border crossings, (ii) simplified documentation for livestock in transit, and (iii) improving the quality and flow of statistical data on exports and markets between Action Plan nations and their policy-makers
- **Problem-solving in crises** to promote negotiated settlements of occasional policy or political decisions which disrupt the smooth functioning of cross-border trade. This has included promoting negotiation among ministers of the participating countries to eliminate trade levies which were, for a brief time, instituted following dissolution of the *Communaute Economique de l'Afrique de l'Ouest*⁷ in January 1994, and the suppression of efforts by an Ivoirian company to require sole-source purchases of cargo insurance for all livestock crossing the Ivoirian border

8 Lessons Learned

Implementation of the Action Plan is ongoing and has, during the past two years, expanded to include a new range of commodities and more than a dozen countries in West Africa. Coordination of initiative is being carried out by regional organizations and the role of external technical assistance has been virtually eliminated. While the Action Plan *process* as originally devised continues to serve as a foundation for ambitious policy reform activity, the degree to which an analytically-driven agenda may continue to drive that process remains to be seen.

While the answers to these questions remain to be seen, a number of lessons learned in the course of Action Plan implementation can be identified at the present time:

- **The need to maintain focus on a limited set of objectives**

The original goal of the Action Plan--to enact a series of measures which would liberalize cross border trade and introduce new efficiencies to its conduct--called for a heterogeneous mix of policy and operational reforms that involved a wide variety of economic and political actors. However

⁷ The *Economic Community of West Africa* was comprised exclusively of francophone nations. This organization should not be confused with larger Economic Community of West African States (ECOWAS), which is comprised of all West African nations.

focused on a common goal the reform measures may have been, the broad field of participation that they required created numerous opportunities and temptations for the expansion or political manipulation of the Action Plan agenda. For example, efforts were undertaken to use national coordinating committees to promote donor investment in an expensive new slaughterhouse to serve the city of Abidjan and to establish a regional school to train butchers in modern methods.

Pressure has also been maintained to expand the Action Plan to mandate government intervention to increase the availability of short-term, low-interest credit to livestock traders. A response to this issue was found in the Action Plan as it was originally adopted, indicating the need for actions to reduce the high proportion of unpaid credits provided by livestock traders to buyers in terminal markets. The technical assistance team and representatives of banks in the region repeatedly argued that this situation results from the failure of livestock professionals to regulate the conduct of their business and failure of government to provide impartial institutional mechanisms to arbitrate commercial disputes. Absent such housecleaning at the national level, it remains difficult to stimulate support for the livestock sector in the regional banking community.

- **The need to align commitment with reasonable timetables for implementation**

Reform by fiat in West Africa and elsewhere has often produced only limited results, often because the objective of change was not supported by the complement of resources necessary for effective implementation over time. It is to the credit of private stakeholders, national governments, regional organizations and donors that commitment to the Action Plan objectives has been sustained over time through political and material commitment.

An initial key to understanding commitment at the national and regional level has been widespread recognition of the pivotal importance of livestock trade to the regional economy. Changing circumstances, evidenced in the instability of regional terms of trade, environmental instability, inevitable changes in monetary policy, and the rapid growth of the populations of each Action Plan country have been a powerful counterweight to the proponents of denial. The weight of livestock as an element of the gross domestic product in the Sahel, and political sensitivities to meeting demand for livestock in the region's cities have attached have lent greater importance to economic efficiency than ever before.

One key to the success of Action Plan technical assistance has been the degree to which donors have demonstrated commitment to an evolving process. As noted earlier, the Action Plan evolved from what was initially a study of constraints to livestock commerce. On the basis of the recommendations made in that study, USAID and the World Bank extended their support to translate policy recommendations into a course of action which they, in concert with three governments, could support within the framework of their institutional mandates. Over time, other donors have integrated various elements of the Action Plan into their own national programs or, in the case of USAID in Mali, provided complementary technical assistance to achieve Action Plan objectives.

In turn, donor commitment to a process approach has allowed the technical assistance teams the time required to apply the strategic management process methodology in a way that builds ownership for and commitment to reform within the host country *Successful reform requires the strategic development of political commitment, the development of skills among those charged with reform implementation, and strategies for managing risk in the uncertain reform environment* Technical assistance sought to gradually expand the strategic management capacities of reformers as implementation evolves

- **The value of inclusion as a tool for the design and implementation of reforms**

The Action Plan's implementation process profited from political evolution in each of the participating countries Renewed commitment to democratic processes contrasts strongly with the exclusionary political culture that long-characterized the three nations involved, where the policy arena was restricted to a small circle of elites Stakeholder analysis proved to be an invaluable tool for reform implementation not simply for the analytic content it provides More importantly, its application offers an opportunity to develop a process of dialogue, negotiation and identification of a common purpose The successes of the Action Plan initiative have been based principally upon recognition that those who stand to gain or lose the most from reform not only deserve a place in planning for reform implementation, but that they can make valuable contributions in the crafting of the strategies and compromises that lead to successful reform efforts This lesson offers an alternative to the view that implementation can best be pursued by finding ways to marginalize policy losers

If the process of inclusion has served to foster the legitimacy of dialogue as a policy-development tool, it has also served to enhance the credibility of national delegations at international fora Positions derived from informed consensus tend to enjoy greater credibility at the international level, where the ability to make credible political commitments is crucial to the negotiating process As important, the inclusion of stakeholders in the deliberative process provides negotiators with a means of exacting formal commitment to abide by decisions that they reach

- **The need to anticipate contingencies**

Whether in the industrial economies or in the developing world, the reform process is fraught with uncertainty and risks Even when based upon state-of-the-art technical analysis, implementing reform is challenging by virtue of its unpredictability For example, reforms will often engender countermeasures, aimed at recovering lost revenue or privileges, it is impossible to anticipate all of these in advance Thus policy monitoring, contingency planning, and flexible response capacity are required

The success of reform initiatives depends critically upon the skills and political instincts of those who manage the process Technical assistance can improve upon the innate ability of individual leaders to anticipate outcomes or, absent such ability, provide mechanisms that give policymaker's

access to a more comprehensive diversity of views upon which to make policy decisions IPC's experience with supporting the Livestock Action Plan demonstrates that it is possible and desirable to expand the repertoire of analytical and management tools available to actors involved in policy implementation, both in the public and private sectors

Emphasis on the process for developing commitment to reform allows stakeholders not only to achieve policy objectives that serve their respective interests, but it also can provide institutional mechanisms for brokering consensus and arbitrating disputes that threaten the cohesiveness of implementation

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**CASE STUDY
PANEL V**

AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE III

Under contract to the Agency for International Development, Office of Agriculture and Food Security (G/EGAD/AFS)

Coordinating U.S. Policy and Donor Assistance to Promote Food Security¹

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Introduction

The World Food Summit challenged the international donor community to increase world food security. The United States is now formulating a special national plan setting forth U.S. strategy and programs for participating in the implementation of the Food Security agenda adopted at the Summit. Those with stakes in a U.S. food security strategy represent a variety of interests and U.S. government agencies. At the same time, with reduced U.S. foreign assistance budgets, it will be essential for the U.S. to coordinate strategy with aid recipient countries, other donors and multilateral financial institutions in order to ensure the conditions and muster the resources needed to make progress on food security.

This Development Brief provides a strategic assessment and recommended priority actions to address the food security challenge. It identifies organizations and mechanisms available for U.S. coordination and collaboration on food security. Coordination among U.S. Government agencies is examined, especially the Department of State, the Department of Agriculture (USDA) and the Agency for International Development (USAID). It also looks at opportunities for collaboration in a multilateral context through the United Nations (UN), the World Bank, International Monetary Fund (IMF) and Regional Development Banks, the Organization for Economic Cooperation and Development (OECD/DAC), and the European Union and national governments.

Creating Policy Environments Conducive to Food Security

A premise underlying all discussion on coordination, especially cooperation with developing countries, is the belief that the ability to make progress toward food security objectives is inextricably linked to the adequacy of their policy environments. Individual developing countries have the primary responsibility for establishing their policy environments. Nonetheless, donors are providing incentives for policy reform, increasing allocations of aid resources to the good performers--a trend that will be especially relevant to food security programs.

¹ This Case Study was prepared by Alexander Ray Love and Mark D. Newman. It is based on *Food Security and Donor Collaboration on Policy Performance*, Agricultural Policy Analysis Project, Phase III Research Report 1035 by Alexander Ray Love, December, 1997.

International Coordination is Essential

Increased globalization, the shrinking size and role of the United States' bilateral development assistance, the predominant position of the U S in world agriculture, and the continuing dominant role of the U S in the world political and economic arenas are all factors influencing the U S role in food security

The Secretary General of OECD underlined the need for coordination in his speech at the Rome Food Summit, stating that " To achieve the goal of food security it is vital that we take a global perspective Food Security cannot be pursued effectively by countries in isolation It requires international cooperation and coordination "

In this context, coordination and collaboration among donors and developing countries is essential if the objectives set forth at the World Food Summit in 1996 are to be achieved Such coordination is especially critical to the achievement of specific U S objectives in food security The U S is now a minor donor in areas where food security issues are most critical e g Sub-Saharan Africa and South Asia and budgets are continuing to shrink

U S policy leadership will have to leverage support from the international institutions, especially the UN, the Bretton Woods Institutions and the OECD/DAC Support from the European Union and national governments is also critical both in the northern countries and the developing world International coordination is key to obtaining such support

Coherence Of Policy and Strategy Within The U S Is Imperative

The first priority objective in any strategy for international coordination on food security is to ensure that the U S itself has developed an agreed "coherent" policy and strategy within the U S Government Without such "coherence" the U S will inevitably begin to speak with different voices in the multitude of international forums engaged in food security matters This process will assuredly undermine the achievement of overall U S objectives by sending mixed and occasionally contradictory signals to other governments A process must be in place to develop and maintain over time such a coherent strategy on food security

The Inter-Agency Working Group (IWG) One Key to Consistent U S Policy

The IWG was put in place to develop a coherent U S position for the Rome Food Summit and has continued to successfully provide a forum for inter-agency dialogue on food security The IWG should be continued for an indefinite period and assigned a lead role in the implementation phase of U S food security strategy

Offering Leadership Despite Low U S Aid Levels

Official Development Assistance (ODA) levels range close to \$59 billion annually in concessional assistance to developing countries. An additional \$9 billion was provided to Eastern Europe and the Newly Independent States (NIS). In recent years ODA levels have dropped nearly 14 percent. A substantial factor has been the drop in the U S levels. *The U S now ranks fourth among donor nations in development assistance in absolute terms and last in terms of aid as a percentage of GNP.* Japan, France and Germany provide more total aid. Denmark, Norway, the Netherlands and Sweden contribute 8 to 10 times the 0.1 percent of national income committed by the U S.

In Sub-Saharan Africa, one of two geographic areas where food security concerns are most prominent, the U S bilateral assistance program provides an estimated 5 to 6 percent of donor flows. This fact underlines the importance of coordination with the other donors who provide the remaining 95 percent.

The Importance of Private Capital Flows

Private capital flows have grown rapidly in recent years, reaching \$92 billion in 1995. They now dwarf ODA in Asia and Latin America. In Africa, however, private flows are negligible and ODA dominates external transfers. If not remedied, the lack of private flows to Sub-Saharan Africa will be a major impediment to achieving self-sustaining income growth and food security goals in Africa.

Non-Government Organizations (NGOs)

NGO's now account for a substantial block of concessional assistance flows. The NGO community world-wide contributed \$5.9 billion raised from private sources in 1995. In addition NGO's administered \$1.5 billion in ODA funds on behalf of aid agencies. The U S NGO community contributed \$3.4 billion of this total, a level doubled in real terms since 1982. The level of NGO contributions is comparable to the net contributions of both the Multilateral Development Banks (MDBs) and the European Union. The NGO community is the one block of private flows that does concentrate on Africa. The NGO community should accordingly play a prominent role in the U S food security strategy.

The Importance of Sub-Saharan Africa

There are two geographic areas of particular concern with respect to food security--South Asia and Sub-Sahara Africa. While the number of food insecure people is higher in Asia, the share of food insecure people is highest in Africa. Conditions in Africa present the greatest long-term concern to food security at the present time. Africa has extremely high population growth rates, a comparatively weak agriculture sector, marginal private sector activity and a continuing problem

with drought and desertification. Food security programs must, therefore, give Africa high priority. This should be reflected in the U.S. aid strategy and in the U.S. strategy on coordination of food security.

U.S. Retrenchment -- A Challenge to U.S. Leadership

The U.S. is retrenching in a number of key aspects of international cooperation:

- U.S. levels of development assistance have dropped substantially and may decrease further.
- The U.S. is in arrears in its obligation to the UN and its agencies.
- The U.S. is reducing its field representation in its AID program.

In addition, within the U.S. bilateral program, agriculture programs have been reduced and cooperation with the U.S. agriculture sector substantially diminished. The above factors have contributed to reduced U.S. influence at both the UN and in international forums such as OECD and DAC where considerable bilateral dialogue takes place. In the developing countries, reduced U.S. staffing weakens the historically strong influence of the U.S. with other bilateral donors and with the developing countries themselves. This will be especially critical in Africa where other donors provide the bulk of the resources.

Reduced U.S. attention to agriculture issues also weakens the ability of the U.S. to use its bilateral program to influence agriculture in the developing countries. It has also contributed to a loss of support for the AID program per se by the influential agriculture community, including the land grant university segment.

Furthermore, with reduced program emphasis on food and agriculture-related industries, marketing and distribution systems, foreign assistance programs remove themselves with an opportunity to work with private business to address food security problems.

An Agenda for International Coordination and Cooperation

The following are some of the key elements of an agenda for improving the effectiveness of U.S. international coordination around the food security issue:

1. The first step for any successful effort at coordination is to reach and maintain an agreed U.S. position on food security. This requires close inter-agency cooperation. The IWG provides an effective forum for this purpose and should be continued indefinitely and assigned the primary role in coordination of the implementation of the U.S. food security plan.
2. U.S. credibility with other bilateral donors, with the multilateral institutions and with the developing countries themselves is a matter of concern in formulating any international

coordination strategy The U S must assign a high priority regarding the problems of U S arrears to the UN and U S participation in IDA Continuing decreases in bilateral aid levels must be stemmed Within the U S aid program, increased priority must be assigned to programs in geographical areas critical to achieving U S objectives

- 3 The USAID program must reestablish agriculture as an important priority area Increased agriculture programs should be part of the dialogue with Congress on increasing aid levels
- 4 The U S Food Security strategy should clearly recognize the time frame involved in any successful international effort to address food security needs A 20-year time frame is appropriate The U S must also support the concept that food security can only be achieved in the context of sustained broad-based economic growth and development The Rome Summit recognized this fact in its plan of action The U S should, therefore, embrace the growing consensus that the common themes of the numerous recent World Summits can be combined into a broad-based strategy of sustained economic development The DAC 21st Century document is such a strategy and is already endorsed by the bilateral donor governments The U S should firmly press for endorsement and incorporation of food security as a primary objective of the 21st century strategy
- 5 The U S should highlight sub-Saharan Africa as the high priority area for improving food security The U S bilateral aid program should be reexamined in this context The African Food Security Initiative of USAID might be broadened and assigned a higher priority as a major U S initiative Since U S bilateral aid is only 5 to 6 percent of donor flows, the U S must rely on international coordination to influence development in Africa The USAID program should also reexamine the key coordinating role of AID field missions and assess the cost in lost influence by further reductions in field posts
- 6 While the U S has admittedly undermined its influence in the world's development forums through its arrearages and decreased aid levels, the U S still maintains a position of primacy in the world's political and economic arenas The U S should, therefore, give priority in its coordination strategy to utilization of political-level forums where U S leadership can have a major impact on food security issues The G-8 summits and the U S /EU Summits under the NTA are two such venues
- 7 The MDBs should be encouraged to take an active role in promoting food security The World Bank, in particular, will take the lead in Africa because of the dominance of the SPA program and the relative weakness of the AFDB ADB and IADB can take a leading role in their respective regions
- 8 In the near future reorganization and reform at the United Nations and the related issue of eliminating U S arrears will remain obstacles to effective U S use of the UN system Over the 20-year perspective of the food security initiative substantial progress hopefully can be achieved on both issues It is important that we do this because the UN system has certain

unique roles in the area of food security. Many of the specialized UN agencies play a role in the broad-based agenda that emerged from the World Food Summit. Under the USAID funded Agricultural Policy Analysis Project (APAPIII) efforts are beginning to develop a specific agency-by-agency set of objectives related to food security for each of the UN specialized agencies, beginning with the FAO and UNDP.

9 Coordination on policy performance will be a key aspect of the U S effort to tie developing country performance to the achievement of food security objectives. The growing trend among donors to concentrate increasingly limited aid resources on good performers will likely accelerate. This was emphasized at the World Bank annual meeting in Hong Kong. U S strategy on coordination should look to the utilization of existing coordinating mechanisms to emphasize the importance of policy performance to food security. This is especially important in Africa. Existing mechanisms such as the SPA, Club du Sahel SADC, etc., are all examples of regional and sub-regional forums that could be utilized.

10 The country level will be one of the central venues of coordination of any effective coordination strategy. The need for "ownership" by the developing countries has been highlighted consistently in ongoing discussions for reforming the aid process. This principle will apply to any food security programs.

The U S might support the objective of enhancing the developing country "ownership" through a variety of steps. First, The U S can strongly support the World Bank initiative of decentralization. Secondly, the U S could encourage greater attention to increasing host country capacity through more effective use of Technical Assistance. Third, the U S might encourage a reexamination of the Consultative Group process to provide the developing countries with a more prominent role in the CGs.

11 The lack of private sector flows to Africa results in a continued imbalance between official and private flows. The result is excessive dependence on donor finance and a continuing shortage of development capital to finance sustained growth in Africa. Unless the private sector becomes more active both domestically and internationally, food security efforts in Africa will be undermined. The U S can take a leadership role in promoting greater private sector development in Africa, possibly building on the recent administration collaboration with Congress on the trade and aid initiative.

12 The U S should be working the full range of coordinating mechanisms to implement its food security strategy, and should continue to look to the IWG as an oversight mechanism for assuring that this is done in a "coherent" manner.

Once an agreed upon strategy and action plan is achieved, the various U S government agencies and their components can selectively choose from the menu of coordinating mechanisms available to implement the U S plan. For example, the State Department might take the lead in dealing with Presidential Summits and the EU as a forum for food security.

issues AID in turn might take the lead in working with the SPA, DAC, the CGs and Round Tables, and with African regional mechanisms such as the Club du Sahel Treasury would have a primary interest in dealings with the World Bank and the regional MDBs The Agriculture Department would have an interest in a variety of mechanisms, including the WTO, the OECD, the FAO, and discussions with the EU