

## Appendix C

# AID Regional Bureau Strategies

---

### *Bureau for Latin America and the Caribbean (AID/LAC)*

Agricultural and rural development is the major thrust--about 40 percent--of AID's Development Assistance to Latin America and the Caribbean [70]. The Agency's agricultural development strategy for the region focuses on increasing and diversifying exports as a means to increase rural income [94]. Primary attention has been given to developing nontraditional agricultural exports for the U.S. market, although work also has addressed increasing productivity and marketing of traditional exports, such as bananas and coffee.

A premise of the strategy is that in the long term it will be more efficient for the region to concentrate on export crops and to increase import of cereal grains from the United States, where production costs are lower [94]. Export diversification has been promoted through:

- creation of private producer organizations to provide services;
- increased access to credit (a major expenditure);
- transfer of technology from other regions;
- establishment of private foundations to support research;
- support for increased access to land;
- development of rural infrastructure--roads, onfarm storage, and irrigation systems; and
- support for privately owned processing and packing plants.

Economic Support Funds (ESF) and P.L. 480 food aid have been used to encourage supportive policies such as market-driven exchange rates, reduced price controls on agricultural commodities, reduced State involvement in agricultural input and commodity marketing, and simplified export procedures and export incentives [94].

One effect of AID's agricultural export-focused strategy has been reduced work with public organizations, such as the national research systems. The emphasis on the private sector, such as that promoted through the Caribbean Basin Initiative, has been partly responsible for this but so has frustration with public organizations and their associated inefficiencies, lack of financial support, and political influences. AID was involved earlier in the successful development of public organizations in the region's larger countries, such as Brazil. The smaller nations suffer from lack of financial and human resources, populations too small to support such organizations, and in some cases from political instability.

Within AID some disagreement exists over the dearth of work with public organizations. In part the disagreement stems from the argument that increased production of basic food crops is necessary to increase the region's food security. Since food crop research is conducted by the national agricultural research systems, the argument concludes that AID should therefore work to strengthen these national systems, help ensure that they have access to resources and trained personnel, and link them to the appropriate domestic and international bodies [95].

AID/LAC recognizes that its export-led strategy cannot be maintained without capable host country organizations, some of them public. AID has provided support to several public education organizations that are to serve as regional agricultural education, training, and research centers for groups of small countries. These include the Pan American Agricultural School in Honduras, the Humid Tropics Regional Agricultural School and the Agricultural Technology Research and Training Center in Costa Rica, the College of Agriculture in Jamaica, and the National Agrarian University in Peru.

Sustainable development of nontraditional export crops requires technologies that will not degrade the environment nor contaminate the product (e.g., through improper use of pesticides). It is not yet apparent whether private research foundations will develop such technologies. Also, the indigenous national capacity for policy analysis necessary to maintain policy reform has not yet been developed [94].

AID released a natural resource strategy for Central America in June 1989 that outlines five areas for support:

1. sustainable agriculture;
2. production from natural forests;
3. management of wildlands and protection of biological diversity;
4. management of critical watersheds; and
5. policy formulation, institutional strengthening, and environmental education.

The Plan projects obligations to reach \$50 to \$100 million annually by 2000, depending on the success of economic stabilization programs in the region. The strategy envisions assisting host governments, regional educational institutions, and private local and international groups. Nongovernmental organizations (NGOs) are seen as taking on much of the field implementation while public agency activities may be scaled back, in part due to budget limitations [93].

*Bureau for Asia and the Near East (AID/ANE)*

Agricultural and rural development assistance is an important component of AID's work in the Asia and Near East region, and has made up between 15 and 25 percent of AID's economic assistance to the region in the 1980s [61]. AID's strategy for the region has stressed policy dialogue, increased private sector roles, improved environment for science and technology, natural resource management, and attention to "advanced developing countries" [69]. A recent summary of the AID agriculture and rural development strategies for 10 countries shows assistance for policy dialogue in 9 countries; for private sector work in 6 countries; and for agricultural research, education, and extension in 8 countries [61].

The AID/ANE Bureau's agricultural strategy currently is undergoing substantial revision, in part because of the changing economic status of the region. A new draft strategy sets out a common path of agricultural development in the region, based on review of experiences over the past two decades [92].

The first step calls for the introduction of high-yielding cereal varieties along with infrastructure development (roads and irrigation) and supportive government pricing policies for inputs and outputs plus import restrictions. The resulting increase in grain production is expected to foster social stability plus increased employment and per capita incomes, which will lead to greater demand for manufactured goods and services. Labor—supported by cheap food and in time pushed by slowing labor demand in agriculture due to slowing yield increases—should move into the manufacturing and service sectors. Increased urban incomes will lead to demand for processed and higher protein foods, such as meat and dairy products. At this point, growth in agricultural employment is expected in processing, marketing, and transport for domestic and export markets.

Using this model, AID has divided the countries of Asia and the Near East into three types of economies: low-income agricultural, low-income transitional, and middle-income industrializing (see table C-1). U.S. development assistance is to be provided in accordance with the economic stage of a country in order to help the country advance along the lines of the model.

Low-income agricultural economies are those in which per-capita income is below \$250 a year, and agriculture produces more than 50 percent of income and industry less than 20 percent. In these nations, cereal production has not kept pace with population growth, per-capita caloric consumption is below recommended levels, and the intensity of agricultural production is low. The major development objective is to increase basic cereals production. AID can support this through investments in development and diffusion of technology; improvement

**Table C-1—Development Assistance Recipients in Asia and the Near East Region by Stage of Economy**

low-income agricultural	Low-income transitional	Middle-income industrializing
Bangladesh	Egypt	Jordan
Burma	India	Oman
Nepal	Indonesia	Thailand
	Morocco	Tunisia
	Pakistan	
	Philippines	
	Sri Lanka	
	Yemen	

SOURCE: U.S. Agency for International Development, Bureau for Asia and Near East, Office of Technical Resources, Agriculture and Natural Resources Division, "A Rural Economic Growth Strategy for Asian and Near East Countries in the 1990s," draft, January 1989.

in support systems needed for intensification of production (e.g., input markets, irrigation, and transport); strengthening government's capability for making supportive interventions and understanding of the environmental costs of the production focus; and training of personnel.

Low-income transitional economies are those in which per-capita income ranges between \$251 and \$750 a year, and agriculture produces less than 35 percent of income and industry more than 25 percent. In these nations, cereal production exceeds population growth; per-capita caloric intake approaches recommended levels; increased per-capita income leads to demands for processed and higher protein foods; and development of the industrial sector grows. The major development objectives are the maintenance of growth in cereal production and the expansion of the industrial sector, especially in agro-processing. AID could support these objectives by fostering government changes in policy, such as reductions in expensive production supports no longer needed; withdrawal from agricultural markets in favor of the private sector; and liberalized trade policy. AID also could support increased efficiency of the agricultural research system, encourage private sector investment in agro-processing, support improved watershed management, and develop the human resources and institutions to maintain these activities. One hoped-for impact of increased employment in agro-processing would be the reduction of population in, and intensive farming of, marginally endowed areas, thereby reducing their environmental degradation.

Middle-income industrializing economies are those in which per-capita income is above \$751 a year, and agriculture provides less than 20 percent of income and industry more than 30 percent. In these nations, growth occurs in both noncereal agriculture and agriculture-related industry; per-capita caloric intake is above recommended levels (through production and/or imports); and the government has withdrawn from control of agricul-

tural markets and liberalized trade. The major development objectives and role for AID are strengthening of the domestic agricultural institutions (e.g., trade, agribusiness, research) and linking them to one another and with their international counterparts through such means as collaborative research, scholarly exchanges, and increased trade links.

The strategy includes some work that universities have been involved in in the past, such as increasing agricultural production, working with research systems, and training. It does not include major agricultural institution-building, except possibly in the low-income agricultural economies, and includes large emphasis on trade, investment, agribusiness, and policymaking areas in which universities have not traditionally been involved in development assistance.

The AID/ANE Bureau is in the process of developing a strategy for environment and natural resources as well. Its development is in a much earlier stage than the new agricultural strategy.<sup>1</sup> The strategy is expected to address five areas:

1. agricultural sustainability,
2. quality and quantity of water and trade-offs in its use,
3. reducing environmental impacts of energy use while increasing its efficiency and meeting increased demand,
4. improving the urban environment (primarily sanitation), and
5. management and protection of biological resources.

Much of the work is to be geared to NGOs and PVOs with some potential roles for universities, especially in training and institution building—although widespread attention to enhancement of environmental and natural resource capability at Asian host-country universities and research institutions is likely to exceed current budget allocations.

A number of new environmental and natural resource projects are slated to begin in 1990. These are larger and broader than past projects and address environmental policy, institutional development, and training in addition to field-oriented activities (e.g., tree plantations and onfarm forestry).

### *Bureau for Africa (AID/BA)*

Unlike the other two regional bureaus, the Bureau for Africa has no separate strategy for agricultural development. Instead, agriculture is discussed as part of the Bureau's overall development strategy for the region and

also in plans addressing specific agricultural issues, such as agricultural research. The Bureau's regional development strategy closely reflects AID's overall development strategy and proposes accelerated national economic growth through:

- . economic stabilization and policy reform,
- . emphasis on the private sector,
- . emphasis on institution building and human resources development, and
- . emphasis on the agricultural sector [86].

Development in the agricultural sector is to be supported through policy reforms and private sector development in such areas as market liberalization, pricing policy, and privatization of parastatals; improved market links and transport; institution building and education/training—including a focus on agricultural research; and, as the strategy evolved, natural resource management [73].

Beginning in fiscal year 1987, separate development funding accounts were merged into one account for Africa, known as the Development Fund for Africa (DFA). The DFA gave the Bureau greater flexibility in programming, allowing it to steer nonproject assistance to support of policy reforms and to focus on those countries having a potential for growth and committed to improving economic policies. Current objectives of the DFA include:

- maintaining its focus on market-oriented economic growth;
- reducing the public sector role in the economy and increasing its efficiency through reduced involvement in the production and marketing of goods and services;
- improving economic stability through debt management and fiscal and monetary policy, and rationalizing expenditures on public goods (e.g., health, education, and family planning) while increasing their equity and efficiency;
- liberalizing markets for commodities, capital, and labor to support private sector-led growth;
- developing the potential for long-term productivity increases through conservation of natural resources, new technologies, and improved job skills; and
- improving food security through use of food aid, early warning systems, targeted welfare programs, and increases in agricultural production and utilization [85].

<sup>1</sup>Concerns have been voiced that development of the two strategies has not been well coordinated and that they may conflict, for example, whether to provide assistance to marginally endowed regions that maybe important in the protection of natural resources but which give less returns than investments in agriculturally better-endowed areas. In addition, concerns have been raised over a lack of developing country personnel involvement in strategy formation.

In addition to its overall plan for the DFA, the Africa Bureau has two other plans directly relevant to agricultural development: one supporting agricultural research and faculties of agriculture, and the other to manage natural resources.

In 1985, AID released the “Plan for Supporting Agricultural Research and Faculties of Agriculture in Africa.” The plan outlines long-term, 15-year support to develop national agricultural research systems, regional research networks, and higher education programs in agriculture. Countries are categorized by their technical capacity (technology-producing or technology-adapting). Priorities for support are set by country, commodity, and other research area. Currently AID has four regional agricultural research projects and is working with research institutions in eight technology-producing countries and 13 technology-adapting ones. AID has faculty of agriculture projects with nine countries, five of which are ending in fiscal year 1989 [89].

Although AID funding of the plan has not reached the levels outlined in 1985, AID has supported agricultural research in most of the higher priority countries. Support has been maintained in those countries carrying out policy reforms, but the trend in obligations for the past few years is one of decline.

Obligations for agricultural research made up over 6 percent of the DFA in fiscal year 1988; they are projected to fall to about 4.4 percent in fiscal year 1990 [87]. Support for faculties of agriculture has been uneven, often significantly lower than projected. For example, actual obligations in fiscal year 1988 were \$5.5 million (1 percent of the DFA) rather than the projected \$20 million [89]. The plan also included sustained support for four to

six U.S. universities that were to help implement the plan’s priorities, but this support has not been provided.

AID adopted the “Plan for Supporting Natural Resources Management in Sub-Saharan Africa” in February 1987. Under this plan, AID is to integrate natural resource management activities into its agricultural activities and human resources work. Additionally, two groups of countries are also to receive direct support for natural resource management: eight priority countries for AID natural resources assistance, and nine countries that may receive limited direct support. AID missions in both groups are to carry out a natural resource management assessment and from it develop an action program. The plan’s priority technical concerns are loss of vegetation, soil erosion/loss of soil fertility, and declines in biological diversity. Also, arid/semiarid and tropical highlands are priority agroecological subregions along with Madagascar [88].

Following the plan, AID/BA began the National Resources Management Support project (NRMS) whose primary purpose is to provide technical services to AID missions, host governments, and PVOs/NGOs in order to encourage increased activities in natural resource management rather than to fund projects or long-term personnel (although some biodiversity projects have been funded) [91]. Results so far include completed natural resource assessments in 8 countries, project design in five countries, and a survey of PVO/NGOs in preparation for the provision of support services to them [90]. The Africa Bureau estimated that natural resource management work will receive 8 to 9 percent of the Development Fund for Africa’s annual obligations between 1988 and 1990 [87].