2

Institutional and Policy Landscape

Development assistance for agriculture and other purposes is a component of American foreign policy and the overall national security program of the United States. The Bush administration has elevated the role of development and integrated it into its National Security Strategy. As then-National Security Advisor Condoleezza Rice explained, "Development assistance is one of our three Ds: Diplomacy, Development, and Defense" (USAID 2004a, 23).

Development assistance is also a creature of domestic politics. Its scale and composition are heavily influenced by the U.S. Congress, which shapes development assistance to a large extent in response to pressures from U.S. economic and social interest groups. These domestic interests help explain many features of the U.S. food aid program; the focus of development assistance on health, education, and other social sectors with strong U.S. constituencies; and a set of policies that channel a large portion of U.S. assistance dollars to United States-based vendors.

This grounding of international development assistance in national security policy and domestic politics makes governance of the program enormously complex. A detailed analysis of the political economy of development assistance is beyond the scope of this report, but to understand U.S. agricultural development assistance to Africa, an overview of the many government institutions that are involved and the roles they play is essential. In this chapter, we provide that overview and, in so doing, give some perspective on the political forces that shape agricultural development assistance.

Because USAID administers about 75% of all U.S. development assistance and the great preponderance of agricultural assistance, we treat it in greater detail than other agencies. However, USAID's activities cannot be understood without also considering the roles of Congress, the White House, and the Department of State in shaping the USAID program.

Other U.S. agencies play roles of varying importance in this arena, including the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS), the U.S. Trade and Development Agency (TDA), and the African Development Foundation (ADF). The agricultural assistance roles of these agencies are described here. The Millennium Challenge Corporation

(MCC), the important new development institution created to administer the Millennium Challenge Account (MCA), is likely to become a significant force in agricultural development in Africa and elsewhere and thus also is discussed in this chapter.

The relevant institutional landscape is not limited to domestic agencies. Through the Departments of Treasury and State, the United States contributes to multilateral institutions that play important roles in African agricultural development: the World Bank, the United Nations' FAO, the World Food Programme (WFP), the IFAD, and the African Development Bank (ADB). The roles of these institutions and how they relate to U.S. bilateral assistance for agriculture are described briefly in this chapter.

The complexity of the institutional landscape is not unique to foreign assistance; it is a common feature of government programs that evolve over time in response to changing social and political pressures and circumstances. As in other arenas, the involvement of multiple institutions in agricultural development assistance contributes to the fragmentation of efforts and raises issues of coordination that can affect the ability to achieve public investment in African agricultural development that is coherent and cumulatively beneficial.

Congress

Whereas the U.S. Constitution vests in the president the power to make treaties, appoint ambassadors, and conduct the day-to-day foreign affairs of the United States, Article I gives Congress extensive authority in foreign affairs, grounded in its broad legislative powers and its constitutional responsibility to "provide for the common Defence [sic] and general Welfare of the United States," declare war and raise armies, and regulate foreign commerce. Equally important, Congress has the power of the purse: It ultimately controls how the government spends its money.

Congress makes full use of its powers to shape foreign development assistance through substantive legislation—principally the Foreign Assistance Act (FAA) of 1961 (FAA, P.L. 87-195)—and the appropriations process. In so doing, Congress provides the president and USAID with extensive guidance on policy and largely directs resource allocation for development assistance.

The Legislative Framework for Agricultural Development Assistance

Foreign Assistance Act of 1961

Although the post-World War II Marshall Plan was widely applauded as a development success, public support for foreign aid eroded during the 1950s and became an issue in the 1960 presidential election. President John F. Kennedy responded with the Alliance for Progress and support for enacting the FAA, which authorized the creation of USAID, created new funding mechanisms for development assistance, and recognized the need for country-by-country planning and the long-term programming of development resources.

Objectives and Principles

In 1973 and 1978, Congress amended the FAA to articulate development objectives and principles and to establish the funding authorizations for development assistance that remain in effect today.[3] Citing the "interdependence of nations" and the "traditional humanitarian ideals of the American people," Congress declares in the FAA that a principal objective of American foreign policy is "the encouragement and sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political, and social institutions which will improve the quality of their lives" (FAA, Sec. 101).

To achieve this objective, the FAA establishes five major goals of United States development cooperation policy:

- To alleviate the worst physical manifestations of poverty among the world's poor majority;
- To promote conditions that enable developing countries to achieve self-sustaining economic growth with an equitable distribution of benefits;
- To encourage development processes in which individual civil and economic rights are respected and enhanced;
- To integrate developing countries into an open, equitable international economic system; and

[3] Foreign Military Sales and Assistance Act of 1973 (P.L. 93-189) and the International Development and Food Assistance Act of 1978 (P.L. 95-88).

- To promote good governance by combating corruption and improving transparency and accountability.

The FAA also enunciates 17 principles to govern development assistance in pursuit of these goals (FAA, Sec. 102). For example:

- Development is primarily the responsibility of the people of the developing countries themselves, and U.S. assistance should support local "self-help" and grassroots involvement through democratic processes.
- Assistance "shall be concentrated in countries which will make the most effective use of such assistance to help satisfy basic human needs of poor people through equitable growth."
- U.S. assistance should support the development goals and capacity-building needs of the host government while giving priority to efforts that help the poorest citizens and the sectors that affect the most people (of which "food production and nutrition" and "rural development" are the first two listed).

Authorization of Appropriations for Agricultural Development Assistance

Besides establishing goals and broad principles for development assistance in general, the FAA provides congressional authorization for appropriations in numerous specific sectors and areas of interest, ranging from broad assistance categories (Agriculture, Rural Development, and Nutrition; Population and Health; Education and Human Resources; and Environment and Natural Resources) to more targeted ones (Micro- and Small Enterprise, Integrating Women into National Economies, Tropical Forests, and Endangered Species) (FAA, secs. 103–120).

The FAA's authorization of assistance for Agriculture, Rural Development, and Nutrition (FAA, Sec. 103) broadly authorizes assistance to address hunger and malnutrition; expand services that the rural poor need "to enhance their capacity for self help"; and improve the incomes of the rural poor by creating productive employment, on and off the farms, and a more viable economic base in rural communities. It provides that assistance "shall be used primarily for activities which are specifically designed to increase the productivity and incomes of the rural poor," and the law identifies a wide range of possibilities, including rural finance, rural infrastructure and utilities (including farm-to-market roads, water management systems, land improvement, energy, and storage facilities), more secure land tenure arrangements, marketing facilities and systems, and the array of services and inputs needed to increase farmers' productivity.

The FAA calls specifically for enhancing the productivity of small farmers to expand the production and availability of food in the rural areas of the world's poorest nations, which it says is "a matter of social justice and a principal element contributing to broadly based economic growth." In this context, the FAA specifically encourages developing country efforts to improve food security and directs bilateral assistance under the FAA and food aid programs to emphasize policies and programs that increase food security.

Development Fund for Africa

As the Cold War wound down in the 1980s, so did politically motivated economic assistance for Africa. Congressional supporters of African development responded in 1990 by adding a new Chapter 10 to the FAA, establishing the Development Fund for Africa (DFA) as a long-term funding vehicle. The declared purposes of DFA were to "help the poor majority of men and women in sub-Saharan Africa to participate in a process of long-term development through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant" and to encourage private-sector and individual initiatives while "helping to reduce the role of central governments in areas more appropriate for the private sector" (FAA, Sec. 496).

In establishing the DFA, Congress provided that the development program for Africa should focus on "critical sectoral priorities," including agricultural production, natural resources, health, and education. It also ensured that the program addresses sectoral economic policy reform and strengthen democratization and capabilities for conflict resolution.

Through FY1995, Congress earmarked appropriations for DFA. Since then, appropriations for development in Africa and other regions have been made through two broadly applicable funding programs or accounts—Development Assistance (DA) and Child Survival and Health (CSH)[4]—and Congress no longer uses the DFA as a distinct funding vehicle for Africa. DFA's authorizing language and policy direction remain in effect, however, and Congress continues to cite Chapter 10 together with the other relevant authorizing provisions when it appropriates funds for agriculture and other development assistance in Africa.

[4] Before FY2002, the CSH program was called Child Survival and Disease.

Other Africa-Specific Measures

Since DFA ceased to be a distinct vehicle for appropriations, Congress has passed two measures that reaffirm its belief in the importance of African agriculture and rural development. In the Africa Seeds of Hope Act of 1998, Congress declared that the "economic, security, and humanitarian interests of the United States and the nations of sub-Saharan Africa would be enhanced by sustainable, broad-based public and private sector agricultural and rural development in each of the African nations" and that U.S. policy supports such development. (H.R. 4283, P.L. 105-385). The act called on USAID and other agencies to focus on food security, microenterprise assistance, and other efforts to achieve sustainable, market-oriented agricultural and rural development.

In 2002, Congress passed the Africa Hunger to Harvest Resolution, which called on the president to develop 5- and 10-year strategies "to achieve a reversal of current levels of hunger and poverty in sub-Saharan Africa" (H. Con. Res. 102, March 8, 2002). The strategies were to include emphasis on strengthening agriculture, from the subsistence level to the global agricultural market level, and investment in infrastructure and rural development. These measures were the product of an active coalition of non-governmental organizations (NGOs) led by Bread for the World, which has successfully kept the issue of African agriculture and rural development before Congress and elicited steady congressional support for the ideas underlying the new global recognition of how agriculture can lead economic growth in Africa.

Food Aid Statutes

In addition to development assistance activities authorized and funded under the FAA, food aid is a major vehicle for agricultural development assistance in Africa. Congress has authorized and funds food aid programs that are used for this purpose through three primary statutes. Like the FAA, these statutes set the broad policy and spell out many of the details of how the programs are managed.

P.L. 480

P.L. 480[5] is shorthand for the Agricultural Trade Development and Food Assistance Act of 1954, which initially authorized and now governs three U.S. food aid programs, known collectively as the Food for Peace Program. The largest of these programs and the most important one for agricultural development purposes is the P.L. 480, Title II program, or Title II for short. Administered by USAID, Title II is named after the provisions of P.L. 480 that authorize Emergency and Private Assistance Programs.

As its name implies, Title II is intended to address both emergencies (i.e., famine, immediate malnutrition, and other extraordinary relief needs) and long-term development, which includes attacking the causes of hunger and promoting "economic and community development" and "sound environmental practices" (P.L. 480, Sec. 201). In the 1990 Farm Bill,[6] Congress amended P.L. 480 to establish food security as the primary objective of Title II and called for the use of agricultural commodities to, among other things, "combat world hunger and malnutrition and their causes" and "promote broad-based, equitable, and sustainable development, including agricultural development" (P.L. 480, Sec. 2).

Title II is funded by specific, annual appropriations that are used to purchase food commodities, which USAID then gives to other agencies and organizations to carry out emergency feeding and development programs. The majority of Title II food aid is used for development purposes, rather than direct feeding, and agricultural development is a major focus. Development food aid is given primarily to private voluntary organizations (PVOs) that work with USAID as cooperating sponsors of food aid projects based on the detailed Development Activity Program proposals they submit to the agency. As authorized by Congress, the PVOs commonly sell (or monetize) most or all the food in the country in which they are working and use the local currency proceeds to finance their development programs. In some cases, PVOs distribute the food directly to local people working on food-for-work development projects.

Congress not only sets the broad goals and operating framework for the Title II program but also prescribes the minimum annual tonnage of commodities to be purchased for the program, the procedures for purchasing and shipping the commodities overseas (requiring that 75% of the annual tonnage be shipped on U.S.-flag vessels), the form in which commodities are

---

[5] The Agricultural Trade Development and Food Assistance Act of 1954 was enacted by the 78th Congress as P.L. 83-480, which has been shortened in common usage to P.L. 480.

shipped (requiring at least 75% in a value-added form and at least 50% of the bagged commodity being bagged in the United States), conditions for monetizing the commodities, and the development purposes for which the resources can be used. Title II also provides in Section 202(e) that no less than 5% or more than 10% of the funds appropriated annually for Title II shall be paid directly to the food aid PVOs to meet their own food aid-related institutional needs.

Agricultural Act of 1949, Section 416(b)

In Section 416(b) of the Agricultural Act of 1949 as amended, Congress authorizes the donation of commodities owned by USDA's Commodity Credit Corporation (CCC) for development assistance purposes. The CCC acquires surplus commodities through its domestic price support operations and is authorized to donate them to carry out the development purposes of P.L. 480 as well as the Food for Progress Act and its programs (discussed later), as long as the remaining supplies are adequate to meet domestic needs and normal export marketing of the commodity would not be adversely affected. Because the amount of food available under 416(b) depends on price and supply conditions in the U.S. marketplace and the level of stocks CCC owns, donations for food aid purposes can vary widely from year to year.

Like Title II food aid, Section 416(b) commodities can be given to PVOs under agreements that spell out the development purposes for which they can be used. Some but not all food donated under Section 416(b) is used for agricultural development purposes. Section 416(b) is administered by FAS.

Food for Progress Act of 1985

In the Food for Progress Act of 1985 (P.L. 99-198), Congress provided a separate authorization for CCC to make food commodities available to foreign governments or PVOs by grant or sale for development purposes in countries that "have made commitments to introduce or expand free enterprise elements in their agricultural economies." The CCC is also authorized to finance shipping expenses and other costs associated with food aid programs.

Unlike Title II, the Food for Progress Act provides little guidance on how resources are to be used; however, its underlying purposes are to encourage open international markets for agricultural commodities and to develop potential markets for U.S. exports. The resources

[6] The Agricultural Development and Trade Act of 1990 (P.L. 101-624).

typically are used for agricultural development purposes. Food for Progress is implemented by FAS.

The Legislative Message on Agriculture

In the FAA, Congress has made agriculture and food security high priorities for development assistance within a framework focused on economic development to benefit the very poor—a framework that is quite consistent with the new recognition and understanding of agriculture's role in Africa outlined in Chapter 1. The FAA stresses self-help and economic growth more than relief. Moreover, in its Section 103 authorization for agricultural assistance, the FAA calls for not only increasing the productivity of smallholders but also building the array of market infrastructures and services that are essential if enhanced productivity is to produce higher incomes for the rural poor. Congress also singles out Africa as a focal point for development assistance in its Chapter 10 authorization of DFA and calls agriculture a critical sector.

Title II of P.L. 480, as amended in 1990 to focus more acutely on food security, also gives first-order importance to agriculture. Agricultural improvements are vital to increasing locally available food stocks to meet food security needs in the short term, but Title II also links broad-based and sustainable development—specifically agricultural—to hunger prevention and long-term food security.

Together, these two statutes authorize nearly all bilateral U.S. development assistance for African agriculture. They represent mainstream current thinking about the role agriculture can play in reducing poverty and hunger in Africa, including the need to pursue a long-term, market-oriented approach to development and investment that will fulfill agriculture's potential.

Congressional Earmarks and the Appropriations Process

As extensive as the congressional direction in authorizing legislation may be, the more direct, day-to-day involvement of Congress in the country's development assistance program comes through the appropriations process. The federal budget process is complicated and involves elaborate interaction between the executive branch and the Congress. As is often said, however, "The president proposes, but Congress disposes."

The key congressional units for decision-making on resource allocation for development assistance are the House and Senate foreign operations subcommittees of the Committee on

Appropriations in each body, which have jurisdiction over the budget of USAID, among other agencies.[7] The foreign operations subcommittees are not completely free agents. Like all appropriations subcommittees, they work within budget allocations that are generated initially by the budget committees of each house and adopted by Congress as a whole in the annual Concurrent Budget Resolution. These allocations are passed along through the Committee on Appropriations to each of 13 subcommittees as a committee allocation, which sets a practical limit on the total amount the subcommittee has to allocate among the programs under its jurisdiction. Within their budget allocations, however, the foreign operations subcommittees have broad discretion to set budget priorities and spending levels for specific programs and to attach conditions to the spending of appropriated funds. Decisions of the subcommittees must be ratified at the committee level and included in the foreign operations appropriations bills ultimately passed by Congress—and they usually are.

In the case of the USAID budget, Congress appropriates funds across a complex series of budget accounts that cover both agency program activities and operating expenses. The subcommittees make decisions about resource allocation among and within these accounts. In considering their budget decisions, the subcommittees work initially from a detailed budget proposal and budget justification that are prepared by USAID in conjunction with the Department of State and the Office of Management and Budget (OMB) in the White House (discussed below). The USAID Congressional Budget Justification is forwarded to Congress as part of the president's annual budget submission.[8] The USAID proposal includes not only proposed total spending in each congressional budget account but also the intended resource allocation within those budget accounts.

The appropriations subcommittees make both macro- and micro-level decisions about how USAID spends its money, and they express those decisions with differing levels of formality. The macro-level decisions include how resources are allocated across the budget accounts and major allocations among programs within the accounts; these decisions are

[7] More formally, the House Subcommittee on Foreign Operations, Export Financing, and Related Programs (chaired by Rep. Jim Kolbe [R–Arizona]) and the Senate Subcommittee on Foreign Operations (chaired by Sen. Mitch McConnell [R–Kentucky]. The agriculture appropriations subcommittees also play roles in agricultural development assistance based on their appropriating jurisdiction over P.L. 480, Title II, as well as the other food aid programs, but their role in directing the use of development resources is modest compared with those of the foreign operations subcommittees.

[8] Congressional budget justifications, posted annually on the USAID web site (USAID various years), provide a wealth of information about the USAID budget.

typically expressed in the legislative language of the appropriations bill itself. The micro-level decisions involve allocations within programs or for very specific purposes; the sums may be relatively large or quite small, and the allocations may be to specific private-sector organizations. Some of these decisions are incorporated in the appropriations bill itself, whereas many others are expressed in the House and Senate committee reports that accompany the annual appropriations bill. These micro-level resource decisions are commonly known as earmarks, and they are an important and controversial feature of the relationship between Congress and USAID.

Of the seven major USAID program accounts, the two most relevant to understanding the congressional role in resource allocation and the importance of earmarks for agricultural development assistance are the accounts intended to fund long-term global development activities: DA (which addresses all areas of long-term development besides health) and CSH (the health account).[9] One important decision that Congress must make concerns resource allocation between the DA and CSH accounts. In the FY2005 appropriations bill, for example, Congress provided a total of $1.46 billion for DA and $1.55 billion for CSH. Although some people might argue for a different outcome, allocating resources across these broad categories is the kind of policy decision that most people expect Congress to make.

Within the CSH category, Congress specifies how most of the appropriated $1.55 billion is to be allocated among major health programs: child survival and maternal health ($345 million); HIV/AIDS ($350 million); the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria ($250 million); other infectious diseases ($200 million); vulnerable children ($30 million); and the Vaccine Fund ($65 million). All these programs are important. However, some people may argue that they address a particular subset of the health challenges facing developing countries and may or may not reflect how health professionals would deploy finite resources to address global health concerns. Others would contend that these allocations do not occur in a vacuum, that they reflect the input Congress received from the administration and other sources, and that it is clearly the prerogative of Congress to make spending decisions of this kind.

[9] The other accounts address short-term humanitarian needs, are geographically focused, or serve primarily foreign policy rather than developmental interests: International Disaster and Famine Assistance, Economic Support Fund, Assistance to Eastern European and Baltic States, Assistance to Independent States of the Former Soviet Union, and Transition Initiative.

The congressional role goes even deeper in the DA account, which is the primary source of funding for agricultural development assistance in the USAID budget. Many contend that the use of earmarks in the DA account severely limits both the amount of funding available for agriculture and USAID's flexibility to use its DA funding in ways that will do the most good in the agriculture sector. In the FY2005 appropriations bill, nine earmarks allocate $823.3 million (of the $1.46 billion total appropriated for the DA account) for specific purposes. Four of these earmarks are for substantial sums and fairly broad categories, arguably akin to the broad allocations made within the CSH account: basic education ($300 million), trade capacity building ($194 million), biodiversity ($165 million), and drinking water supply ($100 million).[10]

Other legislated DA earmarks in the FY2005 appropriations bill are smaller and more targeted: plant biotechnology research and development ($25 million), the American Schools and Hospitals Abroad program ($20 million), women's leadership capacity ($15 million), the International Fertilizer Development Center ($2.3 million), and clean water treatment ($2 million). Interestingly, in the wording of the bill, Congress uses the term *shall* in connection with only two of these eight earmarks; the others say that USAID *should* make the prescribed amount available. The difference between *shall* and *should* may have legal significance—one is clearly mandatory while the other is a strong admonition—but it makes little practical difference in USAID's need to comply with the congressional directive to the best of its ability.

Besides these legislated earmarks, the House and Senate reports accompanying the FY2005 appropriations bill contain about a dozen additional earmarks that allocate specific amounts of DA funds for specific purposes, totaling about $520 million besides the $823.3 million earmarked in the bill itself. Thus, of the $1.46 billion appropriated in the DA account, Congress has earmarked about $1.34 billion (92% of the total). In the committee reports, Congress variously "recommends," "urges," "expects," or "directs" USAID to spend the money in the prescribed manner. Signals of this kind from appropriators must be taken seriously and acted upon, but there is some flexibility in the system for USAID to work out internally and in consultation with Congress what constitutes compliance with the earmark.

Some of these report language earmarks are substantial, including a House earmark for microenterprises ($200 million), a Senate earmark for energy efficiency and renewable energy

[10] Consolidated Appropriations Act, 2005 (H.R. 4818, P.L. 108-447), Division D (Foreign Operations, Export Financing, and Related Programs), Title II (Bilateral Economic Assistance/Development Assistance), and Title V (General Provisions/sec. 576 Environmental Programs).

sources ($180 million), and House and Senate earmarks for biodiversity ($110 million and $175 million, respectively). Others are smaller but targeted for specific purposes or recipients; for example, House earmarks of $20 million to be spent on dairy development and $28 million to be used for the Collaborative Research Support Programs, which are agricultural research programs based at U.S. universities.

The committee reports also call USAID's attention to about 100 project proposals related to international development that have been advanced by American colleges and universities. The committees "recommend" that these proposals receive "active consideration" by USAID, and the Senate report "provides" $40 million to be drawn from various USAID accounts (including DA) to fund these projects.

Finally, the report language on USAID's FY2005 DA account contains admonitions and recommendations that are not accompanied by recommended or directed spending levels but have policy and resource allocation implications. For example, the House report called on USAID to "fully fund" a certain scholarship program for technical training in Latin America, expand microcredit for coffee cooperatives, pursue a particular coffee strategy, provide "adequate funding" for the overseas development programs of U.S. credit unions and cooperatives, and increase funding for rural electrification in developing countries.

At the same time, the House report "notes with concern the reductions made in the budget request to several countries in Africa" and says, "the Committee expects USAID to restore the cuts in African country allocations (for countries not eligible for MCC funding) to their fiscal year 2004 levels, consistent with proper programmatic considerations." In the next paragraph, the committee "urges" USAID to consider specific proposals to support community-based courts in Rwanda and training for journalists to be provided by an organization called All Africa Global Media. The Senate report provides similar micro-level guidance to USAID, including the endorsement of more than two dozen specific projects and NGOs carrying out development activities. Such projects include the Peregrine Fund's Neotropical Raptor Conservation Program in Panama, Students in Free Enterprise (http://www.sife.org/), and Idea Village (http://www.ideavillage.org).

Finally, the Senate committee report also states, "The Committee supports USAID's renewed emphasis on agriculture, as it has long believed that agricultural development is critical to combating poverty. The Committee encourages a central role for these programs in USAID's future economic development and disaster relief strategies."

USAID would, of course, like to comply with this last bit of guidance and strategically deploy significant DA resources to foster agriculture-led economic growth, but it faces the hard reality that some 92% of the DA budget is spoken for through quantitative earmarks for purposes that are unrelated to agriculture (e.g., basic education), tangentially related to agriculture (e.g., microenterprises, trade capacity, and biodiversity), or intended for very specific constituency-driven rather than strategy-driven purposes (e.g., biotechnology and dairy development).

There is no earmark for agriculture per se or for agriculture-led economic growth strategies. USAID is thus in the position of piecing together funding for its agriculture initiatives from a funding pool that is earmarked for other purposes and has diverse motivations. The management of congressional earmarks is central to the overall resource allocation process at USAID and has significant consequences for USAID's agriculture funding and programs.

The White House and the Department of State

The White House and the Department of State are important parts of the institutional and policy landscape for agricultural development assistance. They are far removed from the day-to-day management that takes place at USAID and other agencies, but they have a big effect on the overall policy directions and budget priorities that affect agricultural development assistance.

The White House

As discussed in Chapter 1, the Bush administration has made development an integral part of the U.S. national security strategy and agriculture a key element of its development program. President Bush has demonstrated a personal commitment to development assistance through his sponsorship of the MCA and to agriculture as seen in the IEHA. Presidential leadership has clearly set a positive tone and created a receptive environment for agriculture-related development activities.

Beyond displaying presidential leadership and highlighting important issues and priorities, the White House plays a critical institutional role: arbitrating among competing budget and policy priorities through OMB and its International Affairs Division. Understandably, many priorities compete in the development assistance arena.

In Africa, HIV/AIDS is a devastating health, social, and economic problem that affects all aspects of life on the continent, including agriculture; President Bush has backed this personal priority with strong funding commitments. The refugee crisis spurred by violence in Sudan's Darfur region is another important priority and in the wake of September 11, development and relief priorities in other regions also compete, with Iraq and Afghanistan claiming a large share of resources. With input from USAID, the Department of State, and the National Security Council, OMB plays a central role in balancing these competing priorities through the annual budget process.

The Department of State

The Department of State plays two major roles that relate to agricultural development assistance, one at the broad policy level and one at the program management level.

As the president's chief foreign policy advisor and representative, the secretary of state has a strong voice in shaping development assistance to ensure that it advances the country's foreign policy objectives. With development assistance resources perpetually scarce, any program area that does not fit with those objectives will have a doubly difficult time gaining significant funding. In recent years, agriculture has had strong support at the Department of State, especially with former Under Secretary for Economic, Business, and Agricultural Affairs Alan P. Larson linking agricultural development to U.S. national security interests, as noted in Chapter 1.

At the management level, the Department of State is a partner with USAID in setting policy for and managing development programs. Though USAID is organizationally an independent agency in the executive branch, the USAID administrator reports to and takes policy guidance from the secretary of state. The Department of State and USAID now develop their strategic plans jointly, which means that the Department of State must support any major initiative that USAID wants to pursue. In the current joint strategic plan, the declared mission of the department and USAID is to "create a more secure, democratic and prosperous world for the benefit of the American people and the international community" (State Dept./USAID 2003, 1).

Promoting agricultural development is one of the four strategies cited in the plan for achieving the goal of economic prosperity and security:

> A productive agricultural sector is a critical engine for economic growth in many developing countries, especially in Africa. It also is critical for food security, improved nutrition and health, and environmental sustainability and security both in developing and transition countries. … We will work with partner countries to strengthen the operation of local, regional, and global markets in agricultural products. (State Dept./USAID 2003, 23)

The Department of State and USAID also co-manage the largest single foreign assistance account, the Economic Support Fund (ESF). The fund is controlled for policy purposes by the Department of State, administered by USAID, and intended primarily to support the immediate foreign policy and political interests of the United States rather than long-term development priorities. Nearly half of the $2.5 billion appropriated for the ESF in FY2005 is earmarked for Israel, Egypt, and Jordan, but some funds are available for USAID development projects in Africa, including some related to agriculture.

Finally, the Department of State is involved in agricultural development assistance through its Bureau of International Organization Affairs (IO), the conduit for U.S. funding of FAO, which is the principal U.N. agency for agricultural development. The Department of State maintains a permanent mission to the U.N. agencies in Rome, Italy, through which it maintains liaison with and provides U.S. policy guidance to FAO as well as the other U.N. food- and agriculture-related agencies in Rome: IFAD and WFP.

USAID

USAID is the primary development assistance agency in the U.S. government and the agency with by far the most substantial direct involvement in agricultural development assistance. An overview of USAID's organization, resource allocation practices, and agricultural development policies is thus essential to an understanding of U.S. assistance for agriculture in Africa. This section provides that overview at a level of detail that serves the purposes of this report without delving too deeply into the detailed inner workings of one of the most complex agencies in the U.S. government.

Organization

At its headquarters in Washington, DC, USAID is organized around four regional bureaus that oversee the agency's field operations in more than 100 countries and three pillar bureaus that provide global leadership and technical support to the field (Figure 2-1). These bureaus at headquarters support 89 country-level and regional field offices of varying sizes that manage the frontline development programs.

The following description of the USAID organizational structure focuses on the elements that are most involved in agricultural development assistance.

Office of the Administrator

USAID is headed by an administrator who is appointed by the president, is confirmed by the Senate, and reports to the secretary of state. The current administrator is Andrew Natsios. Like any agency head, USAID administrators have the power to set the policy tone within the agency, declare and pursue priority initiatives, and manage the internal processes of the agency. As a direct report to the secretary of state and thus a member of the administration's foreign policy and national security team, however, the administrator is largely a broker between the career staff and operating units of USAID on one side and the other elements of the administration and Congress on the other. Among other important functions, the administrator leads USAID's participation in the internal administration budget process, where important priority and resource allocation decisions are made. As discussed in Chapter 1, Administrator Natsios called for increased investment in agriculture, especially in Africa, at the beginning of his tenure.

Within the Office of the Administrator, the Bureau for Policy and Program Coordination (PPC) plays a critical role on the administrator's behalf on policy, program, and budget issues affecting agricultural development assistance. Most importantly, PPC manages the USAID budget preparation process and allocates resources among USAID programs and organizational units based on the administration's priorities and congressional directives, including appropriation earmarks. PPC bears the brunt of balancing proposed investments in agriculture-related programs with other priorities agency-wide, all in conformity with the guidance provided by Congress.

The Bureau for Africa

USAID's Bureau for Africa is responsible for designing, implementing, and evaluating USAID's development strategies and programs in sub-Saharan Africa. It provides direction and oversight to 22 bilateral field missions, 26 country programs, and 3 regional programs in Africa where assistance programs are actually implemented. In FY2005, the Bureau for Africa is managing about $1.44 billion in program funds. The bureau has staff units that oversee programs in each of the agency's primary areas of development work in Africa: economic growth and agriculture, health, education, and governance. Humanitarian relief, such as for the Darfur crisis in Sudan, is handled by a separate headquarters unit.

Until recently, the four USAID regional bureaus housed subject experts who provided economic development support to the in-country field offices and programs. Most of this expertise has now been consolidated in the Bureau for Economic Growth, Agriculture, and Trade (EGAT). Thus, like all the regional bureaus, the Bureau for Africa's primary roles involve allocating resources at the budget preparation and implementation stages (discussed below) and ensuring that as planned and implemented, the development programs it manages are consistent with USAID's objectives and produce meaningful results.

Bureau for Economic Growth, Agriculture, and Trade

EGAT is one of the three pillar bureaus charged with working globally in their areas of expertise to support the field offices and otherwise help achieve USAID's goals; they are the repositories of most of the agency's subject-specific technical expertise. EGAT's responsibilities are in the areas of economic growth, poverty reduction, education, economic infrastructure, agriculture, environment, natural resources management, and women in development. EGAT designs and implements programs in its areas of expertise with about $150 million in program funds (FY2004). Such programs are intended to augment those managed by the bilateral and regional field offices. EGAT also provides technical advice and training to field staff.

Within USAID, EGAT has played a leadership role on agricultural development. It devotes about $55 million of its program resources to agriculture-related research and technology development, and it led the development of USAID's new agriculture strategy document issued in July 2004 (USAID 2004b). Working with the regional bureaus and PPC, EGAT's Office of Agriculture plays a role in all agency-wide deliberations on agriculture-related policy and resource allocation, and its expert teams work on rural policy and governance issues affecting agriculture, agricultural technology, agribusiness, and markets.

The Bureau for Democracy, Conflict, and Humanitarian Assistance

The Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) is the headquarters pillar bureau that works primarily in the areas of emergency relief and disaster assistance, often in countries in conflict (e.g., Sudan, Iraq, and Afghanistan). DCHA also plays an important role in agricultural development assistance through its management of the P.L. 480, Title II food aid program.

The Office of Food for Peace (FFP) manages both emergency and development uses of food aid. In 1995, FFP adopted a policy of targeting its non-emergency food aid in countries that face the most serious food security problems and for uses that promise long-term solutions (USAID/FFP 1995). As a result, development food aid is a major source of resources for USAID's agricultural development efforts in Africa. In FY2004, USAID valued its development food aid in Africa at about $190 million, slightly more than half of which was devoted to agriculture-related projects.

FFP coordinates its development food aid programs in Africa and elsewhere with the local USAID field offices. However, it operates by making grants of food commodities directly to U.S.-based organizations such as World Vision, CARE, and Catholic Relief Services, which in turn implement programs in developing countries by using either the proceeds from the sale of the food or the food itself as an in-kind resource.

Field Offices

USAID field offices are on the frontline of development assistance. They include bilateral mission offices and regional program offices. USAID has bilateral missions in 22 African countries—some large and fully staffed to provide comprehensive services, others quite small with only a few employees who are backed up by other field offices.[11] Africa has three regional program offices: the Regional Economic Development Services Office for East and Southern Africa in Nairobi, Kenya; the Regional Center for Southern Africa in Gabarone, Botswana; and the West Africa Regional Program in Accra, Ghana.

The function of all USAID field offices is to design and implement development strategies and programs that will produce meaningful results in the countries and regions for which they are responsible. The field offices must work within the resource allocations they receive from Washington, considering the congressional earmarks on use of funds. Nevertheless, the field offices are given substantial responsibility to devise the specific activities they believe will produce good development results. Many bilateral missions have developed country strategic plans that describe a comprehensive vision for USAID's contribution to development in that country and specific strategies for achieving it. In developing these plans, USAID field staff typically consult with local government officials, representatives of other donor countries, and private-sector stakeholders.

Field offices carry out most of their program activities through grants or contracts, typically with U.S.-based PVOs (such as the NGOs that also manage food aid programs) or commercial consulting firms and other vendors (e.g., Chemonics International, Inc., Abt Associates, Inc., and Deloitte Touche). USAID staff define the terms of these grants and contracts and oversee their implementation.

A key dynamic within USAID is the natural tension between headquarters units (which have global responsibilities and grapple with the realities of competing demands, finite resources, and congressional earmarks) and the field offices (which see development needs and opportunities close up). As in many federal government agencies, headquarters staff often perceive field staff as too independent, and field staff perceive headquarters as too controlling. This dynamic is particularly important within USAID because neither entity can function meaningfully without the other and because the development results that ultimately matter back in Washington are the ones achieved on the ground, mostly by field offices.

The frontline role of the country-level missions, the responsibility they have in the USAID system for program design, and the important role the missions typically play in

[11] Countries in sub-Saharan Africa with USAID missions are Angola, Benin, Democratic Republic of Congo, Eritrea, Ethiopia, Ghana, Guinea, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe (USAID n.d.).

managing projects make the mission directors key figures within both USAID and the countries where they work. Mission directors are the senior, authoritative field voices informing headquarters of opportunities and challenges in their countries and advocating for the resources and other support needed to achieve results. Their views can also carry great weight with officials in the host government, especially in countries where the United States is among the largest contributors of external assistance.

Resource Allocation

The process through which USAID allocates its resources for agricultural development and other purposes is quite complex, flowing from an elaborate set of planning, budget development, and budget implementation processes. It is beyond the scope of this report to describe the details of this process, which are subject to fairly frequent change, but the essential elements of the process are important to an understanding of resource flows for purposes related to agricultural development. This overview illustrates the roles of the various organizational units in resource allocation; additional details are provided as needed in Chapter 3 to describe recent trends in funding for agricultural development assistance.

Program planning at USAID is the process through which operating units—namely, field offices and some headquarters units that spend program money to achieve development results—decide which program activities they want to undertake. Budget development and implementation is the process through which USAID develops its appropriations request to Congress and allocates the funds that Congress appropriates. In what might be an oversimplified description, program planning at USAID is a bottom-up process, whereas the budget development and implementation process is top-down.

Program planning is bottom-up in the sense that it is driven by teams of USAID employees who work at the operating unit level to establish strategic objectives for their teams and devise the activities they consider appropriate to achieve each objective. For example, based on its local consultations and country strategic plan, the USAID Mozambique Mission has formed several strategic objective teams, including a Rural Incomes Team that focuses on linking agricultural producers to markets in efforts to raise rural incomes. This team is responsible for devising the activities needed to achieve its objective and selecting grantees and contractors to carry them out. Even though everything related to the strategic objectives must be in general alignment with USAID's overall development strategy as set in Washington (including the relevant earmarks), most program activities are planned locally.

The money required to carry out program activities is appropriated and allocated through what generally is a top-down process. It is true that strategic objective teams project their funding needs over a multiple-year period and that these projections feed into the annual budget development process; however, funds are allocated to particular accounts—such as the DA and P.L. 480, Title II accounts that fund most agricultural development assistance—through an appropriations process that ultimately is controlled by Congress, and appropriated funds are allocated to bilateral missions and other operating units through a process controlled by USAID headquarters in Washington.

With respect to the DA account, PPC in the Office of the Administrator allocates available DA funds to the Bureau for Africa and other USAID organizations that oversee operating units (e.g., missions and regional programs in Africa); these organizations in turn allocate DA shares to their operating units. Operating units and their strategic objective teams then decide how to use that money to fund their activities and achieve their objectives. (This process is similar to FFP's allocation of Title II food aid resources, except that FFP maintains greater control of contracting and program oversight at the Washington headquarters.)

The details of how the DA resources allocated by Washington are deployed to fund strategic objectives at the mission level raise several issues that are important to understanding the amount and nature of USAID's investment in agricultural development; we discuss these issues in Chapter 3.

USAID's Agriculture Strategy and Policies

USAID Administrator Andrew Natsios declared agriculture a top priority at the very beginning of his tenure, making Economic Growth and Agriculture one of the agency's three program pillars (along with Global Health and Conflict Prevention and Developmental Relief) and telling Congress in his first budget testimony that "without economic growth and food security, no development effort is sustainable. We will increase support for economic growth and agriculture programs that reduce poverty and hunger" (Natsios 2001).

This view of agriculture's role, especially as it affects food security, was not entirely new as a driver of USAID programs. The 1995 FFP policy paper had highlighted the need to build sustainable agricultural capacity to improve food security, resulting in a major shift in the use of food aid resources to agricultural development projects (USAID/FFP 1995).

Administrator Natsios helped bring a new focus to the role of agriculture in Africa's development and to the importance of improving not only farmers' productivity but also the links between farmers and markets, where incomes can be increased. One consequence of this new focus was the president's largely agriculture-based IEHA. Another was the issuance of *USAID Agriculture Strategy: Linking Producers to Markets* (USAID 2004b) as a guide to global agriculture initiatives.

The following paragraphs summarize USAID's strategy for agricultural development in Africa (as reflected in the strategy document itself), the principles governing IEHA, and FFP's food aid and food security policy.

USAID's 2004 Agriculture Strategy

USAID grounds its strategy for agriculture in the joint Department of State–USAID strategic plan and the Monterrey Consensus (named for the Monterrey, Mexico, location of the 2002 International Conference on Financing for Development at which it was proposed) principles for the effectiveness of development assistance (U.N. 2002). The strategy document thus stresses the importance of good governance both in the agriculture sector and generally, citing the principle of mutual responsibility for development among donors and developing countries, and it reaffirms the commitment by the Department of State and USAID to "work to ensure that institutions, laws, and policies foster private sector-led growth, macroeconomic stability, and poverty reduction" (USAID 2004b, 10). The document then declares that "agricultural development is a strategic priority for USAID. This strategy marks a renewal of the Agency's support for agricultural development and sets out guidance for its engagement in such efforts" (p. 11).

The USAID agriculture strategy has four themes:

- **Expand trade opportunities, and improve the trade capacity of producers and rural industries.** This theme includes fostering an enabling policy and institutional environment for agricultural trade, increasing access to rural finance, strengthening producer groups and other rural organizations, and enhancing access to the technologies needed to produce the products demanded by the marketplace.

- **Improve the social, economic, and environmental sustainability of agriculture.** Recognizing that "biodiversity and natural resources are central to the livelihoods of rural populations throughout the developing world" (USAID 2004b, 13), this theme includes efforts to restore the health of the land, water, and forestry resources; develop renewable energy sources; build natural resources assessment and management capabilities; and foster good policy and governance in the resource arena.
- **Mobilize science and technology, and foster the capacity for innovation.** This theme focuses on building capacity within developing countries to harness modern science and technology—biotechnology, nanotechnology, Global Positioning System, and geographic information systems—to improve productivity and market participation. Necessary efforts include developing working science and technology policy, supporting technology development and application for specific agricultural purposes, building public- and private-sector partnerships, and fostering the innovation capacity of local institutions.
- **Strengthen agricultural training and education, outreach, and adaptive research.** Addressing the knowledge gap that impedes the adoption of more productive agricultural technologies and practices in many developing countries, this theme includes supporting basic education in agricultural sciences and related subjects, building rural information and communication technology systems adapted to the diverse needs of farmers and agribusiness entrepreneurs, and performing adaptive research to solve local problems.

To implement these themes, the strategy document pledges that USAID will, among other things, link its agriculture strategy with the overall Department of State–USAID strategic plan, develop indicators to measure performance, strengthen donor coordination in the agriculture sector, and "provide adequate resources to agriculture from all budget sources" (USAID 2004b, 5).

IEHA–USAID Agriculture Strategy for Africa

Although IEHA (unveiled in 2002) predates issuance of USAID's 2004 agriculture strategy, it includes essentially the same themes and stands as USAID's Africa-specific strategy for agriculture. IEHA is intended specifically to help achieve the MDG of cutting the number of hungry people in Africa in half by 2015 by "promoting agricultural growth and building an

Africa-led partnership to cut hunger and poverty by investing in a smallholder-oriented agricultural growth strategy" (USAID 2005).

IEHA thus includes an agricultural action plan that is intended to "increase agricultural growth and rural incomes in sub-Saharan Africa rapidly and sustainably," enabling farmers to "grow out of poverty" by generating "profits and incomes from their products and services." The action plan elements include creating momentum and support in Africa for agricultural growth as a "critical development pathway;" targeting opportunities to accelerate smallholder-based agricultural growth; forging linkages with health, education, macroeconomic reform, and infrastructure sectors and initiatives; and building alliances and financial and political commitments to reduce hunger by half by 2015.

IEHA also includes a framework to guide USAID agricultural growth investments in Africa. The framework is premised on the belief that "innovations that increase agricultural productivity and more competitive markets are essential ingredients of smallholder agricultural growth." Although it is more explicitly smallholder-oriented than the overarching agency agriculture strategy, the IEHA investment framework includes six themes that fully overlap the four themes of the agency strategy:

- scientific and technological applications that harness new technology to raise productivity;
- agricultural trade and market systems that add value to products and attract private and foreign investment in African agriculture;
- community- and producer-based groups that support the interests and efforts of farmers;
- development of human capital and institutions that shape and lead agricultural policy and research and provide education;
- integration of vulnerable groups and countries in transition into sustainable development processes; and
- environmental management that contributes to growth of agricultural and rural sectors.

As IEHA operates, USAID field offices develop country and regional IEHA action plans, which are expected to be structured around these six themes. The IEHA framework cites the fact that "infrastructure development in transportation, energy, water/sanitation, and telecommunications is also increasingly urgent." It is unclear, however, how this important observation relates to USAID's agricultural investment strategy in Africa. Infrastructure development was not included among the four strategic themes in the overall agency agriculture strategy, and infrastructure investment—especially for the rural roads that are vital for linking farmers to markets—is rarely part of the USAID program in Africa (USAID 2005).

Agriculture and Food Aid

The 1995 *Food Aid and Food Security Policy Paper* (USAID/FFP 1995) is another expression of USAID policy that relates to agricultural development in Africa. This policy does not conflict with the policies in the USAID agriculture strategy and IEHA but tilts in a different direction; its goal is "to increase the impact of food aid in reducing hunger" (p. 2). Although the policy recognizes the relationship between this goal and the broader goals of economic growth and poverty reduction, the priorities of the FFP Title II food aid program are reducing hunger and it highlights Africa as a region especially in need of help to achieve this goal.

To that end, the two priority program areas for the FFP program are agricultural productivity and household nutrition (which involves efforts to improve the use of available food to achieve adequate nutrition). The agricultural productivity limb of the FFP policy recognizes that improvement involves not only inputs and on-farm activities but also improved market access. However, the focus of the policy and the uses of food aid that result are more at the grassroots level than the overall USAID agriculture strategy. They are focused somewhat more on agricultural activities that contribute to food security through local food access and good household nutrition rather than through the broader mechanism of sustainable economic growth. This focus is not in conflict with the new agriculture strategy but, arguably, complements it.

On the other hand, some people argue that short-term food aid for purposes other than to meet immediate, emergency needs is inherently in conflict with an agricultural development strategy because it inevitably displaces local production or distorts local markets and fosters dependency that undercuts locally driven development initiatives.

Conclusion

As the lead development assistance agency in the U.S. government, USAID is the central player in the U.S. agricultural development assistance program. Agricultural development in Africa has a prominent place in USAID's overall development strategy, as articulated by the agency's leaders and in strategy documents. The USAID strategy for African agriculture is both poverty-focused and market-oriented and in those ways is consistent with the strategies shared by African leaders, NEPAD, the World Bank, and other development organizations.

With this institutional and policy background in mind, we examine recent trends in USAID resources for agricultural development assistance in Africa in Chapter 3. First, however, it is important to complete the organizational and policy landscape for the overall U.S. contribution to agricultural development assistance in Africa.

Other Agencies Providing Bilateral Assistance for African Agriculture

Foreign Agricultural Service

The mission of USDA's FAS is to represent and promote the interests of U.S. agriculture oversees, focusing primarily on ensuring access to foreign markets and promoting agricultural exports from the United States (USDA n.d.). FAS provides technical and financial assistance to U.S. exporters, generates data and analysis on overseas markets, and works on agricultural trade negotiations in conjunction with the Office of the U.S. Trade Representative.

Unlike USAID, USDA does not have a statutory mandate to be an international development agency. In keeping with its broader mission, however, FAS is involved in assistance for African agriculture through its management of Section 416(b) and Food for Progress food aid and as a provider of technical assistance.

USDA Food Aid Programs

FAS manages food aid under its Export Credits unit. The two USDA food aid programs that are relevant to agricultural development in Africa are Section 416(b) and Food for Progress. FAS also manages the Food for Education Program, which donates food to developing countries as an inducement for children to remain in school, and Title I of P.L. 480, which makes concessional sales to foreign governments but rarely to African countries.

As noted earlier, the underlying statutory purposes of Section 416(b) and Food for Progress are to dispose of surplus commodities and expand free enterprise in agricultural markets worldwide, respectively. However, the food aid resources provided under these programs are used in ways quite similar to those of USAID's FFP Program. Donations of food are made to

PVOs or, in some cases, to governments, with the understanding that they will be used for specified development purposes.

USDA provides somewhat less direction to the organizations that receive food aid donations than USAID does. Section 416(b) resources tend to be used for both agricultural development and other purposes (such as health), whereas uses of Food for Progress resources must, by law and USDA policy, have some nexus to agriculture and improvement of agricultural markets.

The total annual value of Section 416(b) food aid varies according to commodity surplus levels in the United States, ranging from as much as $640 million in FY2001 to about $150 million in FY2004, with less than 20% in recent years (about 2% in FY2004) going to Africa. In recent years, Food for Progress donations have been in the range of $100 million to $125 million, with 10–20% going to Africa.

USDA Technical Assistance

FAS contributes technical staff and expertise to development-related activities under its International Cooperation and Development (ICD) Program, Development Resources Division. It has no appropriation for this purpose but rather provides reimbursable services to USAID-funded projects. The USDA employees providing these services are paid for with USAID program funds but are not subject to congressional limits on USAID operating expenses and staffing levels. These projects typically involve food safety, technical and policy issues related to food security and trade capacity, and natural resources management related to crop production and forestry. Nearly 150 full-time USDA employees are involved in these programs, including about 100 who work at USAID in Washington and 10 who work at USAID field offices, of whom three are in Africa (USDA FAS 2005).

ICD also provides some training and technical assistance related to African agriculture through its Food Industries Division (USDA 2003), which administers the Norman E. Borlaug International Science and Technology Fellows Program, the Cochran Fellowship Program, a Professional Development Program, and a Trade and Investment Program. With the exception of the Borlaug Fellowship, all these programs are aimed at improving skills and relationships that will advance the FAS market expansion mission, but they also all relate to the development of agriculture and agribusiness in foreign countries, including in Africa. USDA estimates the value of specific activities taking place in Africa under these programs at about $1 million annually (Brown 2005).

African Development Foundation[12]

The U.S. Congress established ADF in 1980 to "promote the participation of Africans in the economic and social development of their countries." The ADF makes small grants—generally less than $250,000, with one-third below $100,000—directly to African private enterprises and other NGOs to:

- finance sustainable, poverty-alleviating initiatives that are conceived, designed, and implemented by Africans and aimed at enlarging opportunities for community development;
- stimulate and expand the participation of Africa's poor in the development of their countries; and
- build sustainable African institutions that foster grassroots development.

ADF takes a community-based approach, with grants going exclusively to projects that are "made in Africa"—that is, conceived, developed, and implemented by Africans. The primary objectives are to foster sustainable development and broad community participation in development by funding micro- and small-enterprise projects that will generate income and employment, build trading relationships within Africa and with the United States, and develop local organizations and other community-based capacity to pursue sustainable development.

ADF recently established a trade and investment program that recognizes the opportunity for agricultural producers to benefit from export trade. It is actively involved in identifying and supporting projects that will benefit from the African Growth and Opportunity Act, intended to promote exports from Africa to the United States.

According to the organization's 2002–2003 annual report (ADF 2003), ADF is currently active in 15 sub-Saharan Africa countries: Benin, Botswana, Cape Verde, Ghana, Guinea, Mali, Namibia, Niger, Nigeria, Senegal, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. In FY2002 and FY2003, ADF made 97 grants totaling $14.75 million. Approximately one-third of the projects (33 of 97), with a combined value of $8.8 million, were for agriculture-related

[12] Information in this section is drawn from the African Development Foundation web site (ADF n.d.) unless otherwise noted.

projects. However, the emphasis on agriculture varies from country to country. For example, in the three of these countries examined more closely for this report, eight of Uganda's 10 ADF projects funded in FY2002 and FY2003 were agriculture oriented, compared with four of eight in Mali and one of 10 in Ghana.

U.S. Trade and Development Agency[13]

The mission of TDA is to "advance economic development and U.S. commercial interests in developing and middle income countries." To carry out this mission, TDA works closely with other U.S. federal agencies to help American businesses build partnerships and take advantage of emerging market opportunities worldwide. TDA funds activities such as technical assistance, training, and feasibility studies that "support the development of a modern infrastructure and a fair and open trading environment."

TDA activities generally fall into two broad categories: trade capacity building and sector development, and project definition and investment analysis. The sectors it works in most often are energy and power, transportation, health care, mining and minerals development, telecommunications, and environmental services. TDA works in five geographic regions: Asia; Europe and Eurasia; Latin America and the Caribbean; the Middle East, North Africa, and South Asia; and sub-Saharan Africa.

TDA's total appropriation in FY2005 is $50 million which reflects a gradual rise from $44 million in FY2000. As reported to the Organisation for Economic Co-operation and Development's Creditor Reporting System on Aid Activities, TDA's total funding for Africa during 2000–2003 averaged $5.6 million annually, of which an average of $1 million annually was for projects related to agriculture or agribusiness (OECD n.d.). Such projects typically involve financing feasibility studies or country visits to explore potential ventures in areas such as biomass-fueled power generation, fertilizer manufacturing, sugar refining, or other agroprocessing activities.

[13] Information in this section is drawn from the U.S. Trade and Development Agency web site (USTDA n.d.) unless otherwise noted.

Overseas Private Investment Corporation[14]

The Overseas Private Investment Corporation (OPIC) was created in 1971 "to support economic development by promoting U.S. private investment in developing countries and transition economies," which it does through loan guarantees, insurance, and other means. A U.S. government agency, OPIC "complements the private sector in managing the risks associated with foreign direct investment (FDI) and supports U.S. foreign policy." The OPIC mission is based on the development hypothesis that FDI stimulates economic growth, thereby reducing income poverty (OPIC n.d.).

OPIC activities mainly focus on agriculture, energy, construction, natural resources, telecommunications, transportation and distribution, banking, and services. Project assistance can be for as much as $400 million per project. FDI to sub-Saharan Africa is the lowest in the world, reaching a 15-year low of 0.8% of emerging market FDI in 1999–2000. Partly because of OPIC support, however, FDI has been on the rise in Africa (a record of 2.3% of emerging market FDI in 2001). Through its work in sub-Saharan Africa, OPIC "not only support[s] but actively seek[s] developmental projects with the potential to help nations … meet their populations' basic developmental needs and help them prepare for future economic growth."

OPIC investment in African agriculture is limited but appears to be rising. In 2003, four of 11 OPIC projects in sub-Saharan Africa were related to agriculture:

- Seaboard Overseas Ltd. flour mill and commodity-trading operations in Angola;
- Amoah, George K. & Chicken George Farms LLC poultry production and distribution in Ghana;
- ROTA International development of organic cashew production and processing in Guinea-Bissau; and
- SORWATHE development of an eucalyptus plantation for fuelwood and expansion of a tea plantation.

In contrast, OPIC financed only one agriculture-related project in sub-Saharan Africa in 2002, one in 2001, and none in 2000. Although currently working at a modest level and not a

[14] Information in this section is drawn from the Overseas Private Investment Corporation web site (OPIC n.d.) unless otherwise noted.

significant factor in U.S. agricultural development assistance to Africa, OPIC could play a significant future role in facilitating U.S. private-sector investment in Africa's rural economy.[15]

Peace Corps[16]

The Peace Corps provides volunteers to developing countries to help meet their need for trained men and women and to promote mutual understanding between Americans and the people in host countries. Volunteers work in work in five major fields, of which one is agriculture. The others are education, health and HIV/AIDS, environment, and business.

While the Peace Corps is often identified with agricultural projects, the primary projects of the vast majority of Peace Corps volunteers serving in sub-Saharan Africa are in sectors other than agriculture. In FY2004, 35% of the approximately 2,700 volunteers working in sub-Saharan Africa (963) worked primarily in the education sector, 29% (799) worked in health and HIV/AIDS, 19% (523) worked in environment, and 12% (331) worked in business (Arnold 2005). Only 4%, or 110 of the Peace Corps volunteers in Africa had primary projects focused on agriculture in FY2004, down from 7% in FY2000–FY2002 and 5% in FY2003. The estimated budget for Peace Corps work in the agriculture sector declined by 47% between FY2000 and FY2004, from $3.66 million $2.5 million, and averaged $3.32 million over the five-year period.

Of the 26 countries with Peace Corps programs in sub-Saharan Africa, six had agriculture programs per se (Gabon, Mali, Mauritania, Niger, Senegal, and Zambia) (Peace Corps n.d.). Eleven additional countries (Benin, Burkina Faso, Cameroon, Gambia, Ghana, Guinea, Lesotho, Madagascar, Malawi, Tanzania. and Togo) had activities under other programs that appear to be related to agricultural development, broadly construed. Agricultural development activities undertaken by Peace Corps volunteers include partnering with farmers to: 1) introduce techniques such as water harvesting, crop rotation and soil fertility management to improve crop yields (Agriculture Program, Niger); 2) establish networks of farmer leaders "who understand

[15] The Export-Import Bank of the United States is another U.S. entity whose programs can affect economic activity in Africa by providing financing, insurance, and other risk management services to support the business activities of U.S. exporters. Like OPIC, however, the core mission of the Export-Import Bank is to serve U.S. business interests rather than pro-poor economic growth in developing countries. Its activities in Africa are relatively modest and beyond the scope of this report.

[16] Information in this section is drawn from the Peace Corps web site (U.S. Peace Corps n.d.) unless otherwise noted.

the benefits of agroforestry and permanent farming systems, and who will teach these activities to other farmers" (Environment Program, Cameroon); and 3) establish cooperatives and market their products locally and internationally (Small Enterprise Development Program, Ghana) (Peace Corps n.d.).

Millennium Challenge Corporation[17]

MCC is the government corporation that Congress established in January 2004 to implement the MCA, the bold new vehicle for development assistance that President Bush unveiled in the run-up to the March 2002 International Conference on Financing for Development in Monterrey, Mexico. The MCA was intended in part to demonstrate the United States' commitment to play its role in achieving the United Nations' poverty-focused MDGs. It accompanied a pledge by President Bush to fund the account at $5 billion annually by FY2006, which, if fulfilled, would mean a 50% increase over the current base of about $10 billion annually in U.S. development and humanitarian assistance.

President Bush intends to use the MCA as a sharp departure from the traditional approach to U.S. development assistance. The basic idea is to provide more assistance to developing countries that have created the necessary enabling environment for economic growth through market-oriented, pro-growth policies; good governance, including anticorruption policies; and investment of their own resources in health and education. Instead of the United States stipulating uses for the aid, countries meeting the basic eligibility criteria for MCA funding would develop their own proposals—including goals and benchmarks for success—and the money would be awarded directly to the government under a development compact in which transparency and accountability for results are priorities.

This approach differs from the USAID development assistance model in which many modestly financed projects are pursued in many countries, project design is controlled to a large extent by USAID, and money is awarded to PVOs or commercial contractors (rather than to the local government). The MCA remains an untested vehicle for development assistance, with the first developing country compact being signed in spring 2005. However, its potential importance for agricultural development in Africa is substantial for several reasons.

[17] Information in this section is drawn from the Millennium Challenge Corporation web site (MCC n.d.) unless otherwise noted.

First, the pool of resources is large and growing. Congress appropriated $1 billion for the MCA in FY2004 and $1.5 billion in FY2005 (of the president's request for $2.5 billion). These funds accumulate and are available to the MCA until committed to developing countries under compacts. The president's FY2006 request is $3 billion, and the head of the MCA states the administration's intent of reaching an annual level of $5 billion in FY2007 (whereas USAID's entire FY2005 appropriation was $3 billion for both DA and CSH accounts). Moreover, there is no fixed limit on the size of MCA country grants. Thus, given the large pool of funds and the expectation that only some of the 17 countries deemed eligible for the first round of compacts will be funded, the size of each grant could be in the hundreds of millions of dollars—several times more than the total amount of non-emergency development assistance that any African country currently receives from the United States.

Second, Africa is very well represented in the initial group of 17 countries that MCC has determined to be eligible for the program; eight are in sub-Saharan Africa: Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique, and Senegal. So are seven of the 13 so-called threshold countries that have accepted the MCA concept and are close to qualifying: Burkina Faso, Kenya, Malawi, Sao Tome and Principe, Tanzania, Uganda, and Zambia. Thus, half of all the countries positioned to benefit from the MCA are in sub-Saharan Africa.

Finally, while MCC looks to the developing country to develop and fully own its MCA proposal, the MCC's background paper says that increasing economic growth and reducing poverty "requires an emphasis on investments that raise the productive potential of a country's citizens and firms and help integrate its economy into the global product and capital markets" (MCC 2003, 1). It then cites six key areas of focus for the MCA, the first of which is agricultural development; the others are education, enterprise and private-sector development, governance, health, and trade capacity building. Not surprisingly, 15 of the 16 MCA country proposals submitted to date include an agriculture component.

Aspirations underlying the MCA are high. At the first MCC Board meeting on Feb. 2, 2004, then-Secretary of State Colin L. Powell, the board chair, expressed his excitement about the potential of the MCC and added:

> But the one who is most excited is the President of the United States. This is his baby, this is his corporation, and he intends to use this corporation and the monies that Congress makes available to make fundamental changes in the whole manner

> in which we provide development assistance to those nations who are governing wisely and well, transparently and with openness, and all fundamentally based on the rule of law, democracy, and open economic systems. (U.S. Department of State 2004)

Whether the high hopes for the MCA will be fulfilled will be determined only over the next several years, as compacts are entered into and implemented. In any event, the MCA promises to play a significant role in the U.S government's approach to and funding of agricultural development assistance in Africa.

Agriculture-Oriented Multilateral Institutions

In addition to the assistance for African agriculture provided through bilateral agencies, the United States also contributes through multilateral development and financial institutions whose work includes agricultural development assistance. Principal among these are FAO, WFP, IFAD, the World Bank Group through its International Development Association (IDA), and ADB through its ADF.

The United States funds FAO and WFP through the Department of State's IO, which is responsible for funding and managing the United States' relationship with more than 40 international organizations, including the U.N. system. The bureau has a total annual budget of more than $1 billion, of which $72 million (about 20% of FAO's core budget) was allotted to FAO's regular program in FY2004. The United States funds WFP primarily through commodity donations from USAID and USDA food aid programs combined with limited cash contributions from the IO budget and other sources. In 2004, the United States contributed more than $1 billion—nearly half of all WFP contributions that year. The bureau also oversees the U.S. Mission to the U.N. agencies in Rome, where FAO and WFP are based, and provides input into the formulation of policies and programs of the two agencies through the mission.

The U.S. funds IFAD, IDA, and ADB/ADF through the U.S. Department of the Treasury's Office of Multilateral Development Banks and Specialized Development Institutions, under the assistant secretary for international affairs. This office is responsible for funding about a dozen international financial institutions and has a total annual budget of about $1.5 billion. IDA, the World Bank's primary development assistance arm, receives by far the largest share: in

FY2004, IDA received $913 million, ADB/ADF $113 million, and IFAD $15 million. A U.S. executive director is assigned to each of the international financial institutions to ensure that U.S. views are considered in managing these institutions.

The following paragraphs briefly describe the missions and activities of the international development and financial institutions as they relate to agricultural development in Africa. More detail about the U.S. funding of these institutions and their agriculture-related programs in Africa is presented in Chapter 3.

Food and Agriculture Organization[18]

FAO is the lead agency in the U.N. system for addressing the problem of hunger worldwide. As a membership organization of about 180 countries, FAO's purpose is to work with its member countries to "raise levels of nutrition and standards of living of the peoples under their respective jurisdictions, secure improvements in the efficiency of the production and distribution of all food and agricultural products, to better the condition of rural populations, and thus contribute towards an expanding world economy and ensure humanity's freedom from hunger" (FAO n.d.).

FAO pursues this goal primarily through leadership and support for policy change aimed at improving food security and through funding and technical support for agricultural development projects, primarily in rural areas of the world's poorest countries. FAO employs about 3,500 people, about half of whom work in FAO's Rome headquarters and half in the field in more than 78 countries. The annual budget for FAO's core program is about $375 million, and it receives supplemental support from member countries for specific projects. FAO is governed by the Conference of Member Nations, which meets every two years to approve the budget and two-year Programmes of Work.

In 1996, FAO convened the World Food Summit, at which 186 nations first committed to the goal of cutting hunger in half by 2015, an aspiration that was later incorporated in the United Nations' overall MDGs. In 1999, FAO put forth its strategic framework for achieving the World Food Summit and MDG food security goal (FAO 2000). It calls for FAO to work toward:

> reducing food insecurity and rural poverty; ensuring an enabling policy and regulatory framework for food and agriculture, fisheries and forestry; securing

sustainable increases in the supply and availability of food; conserving and enhancing the natural resources base; and generating knowledge of food and agriculture, fisheries and forestry. (para. 24)

Although the strategy focuses heavily on improving productivity and ensuring availability and access to food at the household level, it also recognizes the importance of the enabling policy environment and effective markets through which farmers can increase the income required for food security and other critical household needs. About half of FAO's core budget is devoted to technical programs to improve food production and availability and half to policy issues, building cooperation and partnerships to improve food security, and management (FAO 2003).

About 20% of FAO's field program budget is devoted to activities in sub-Saharan Africa. FAO maintains a Regional Office for Africa in Accra, Ghana, and subregional offices in Tunis, Tunisia, for northern Africa and in Harare, Zimbabwe, for southern and eastern Africa. Examples of major FAO projects in sub-Saharan Africa include

- Livestock, Environment, and Development Initiative;
- Pro-Poor Livestock Policy Initiative;
- Milk and Dairy Products, Post-Harvest Losses, and Food Safety in sub-Saharan Africa and the Near East, which is active in Ethiopia, Kenya, Tanzania, and Uganda;
- Promotion and Utilization of Agricultural Inputs for Producer Organizations, in Niger;
- Crop and Grassland Service;
- African Seed Network, which assists with seed production, security, policy, and improvement; and
- Agricultural Support Systems Division, which has 21 projects addressing a wide range of specific policy and technical issues that affect agricultural production and marketing in 14 African countries.

[18] Information in this section is drawn from the Food and Agriculture Organization web site (FAO n.d.) unless otherwise noted.

World Food Programme

The primary purpose of the United Nations' WFP is to distribute emergency or humanitarian food aid for immediate use by people in need. In 2003 (the most recent year on which detailed reports are available), WFP fed 104 million people in 83 countries on a budget of $3.275 billion (WFP 2005). The United States is by far the largest contributor to WFP, accounting for about 45–60% of total contributions annually during the period 2000–2004 and averaging about $1.1 billion each year. The WFP director traditionally is an American.

WFP's involvement in long-term agricultural development is small compared with its emergency and humanitarian feeding programs. In 2003, it ascribed an estimated 9% by volume of its food aid shipments and 7% of its operational expenditures worldwide to development programs. However, many of these programs involved food-for-work and other efforts to support people emerging from crisis situations in reestablishing their ability to feed themselves rather than long-term agricultural development.

Africa receives more WFP food aid than any other region—about 46% of WFP's 2003 operational expenditures. Of this amount, WFP ascribed about 8% (about $125 million) to development programs. The 2003 total for Africa was increased from an average of about $81 million in WFP development program expenditures in Africa during 2000–2002.

International Fund for Agricultural Development[19]

The focus of IFAD is squarely on long-term agricultural development. Formed as an international financial institution in 1977, IFAD was an outcome of the 1974 World Food Conference that responded to African food crises of the early 1970s. In recognition of the fact that food insecurity is due more to poverty than to inadequate food production and that the majority of the world's hungry live in rural areas, IFAD's mission is stated broadly as: "enabling the rural poor to overcome poverty … by fostering social development, gender equity, income generation, improved nutritional status, environmental sustainability, and good governance."

IFAD finances agricultural development in developing countries, primarily through concessional loans, and has financed 653 projects in 115 countries since its inception. IFAD obtains its resources from member countries, which make annual contributions in accordance

[19] Information in this section is drawn from the International Fund for Agricultural Development web site (IFAD n.d.) unless otherwise noted.

with periodic replenishment agreements. In 2005, IFAD plans to allocate $475 million in financing to 121 countries. Of this amount, about $175 million is to be allocated to 43 countries in sub-Saharan Africa. IFAD leverages the impact of its resources by seeking partnerships and opportunities for co-financing projects; it lists on its web site more than 80 bilateral donor countries, regional and international organizations, and NGOs with which it has worked.

IFAD's strategy in Africa is tied to achieving the MDGs. It has adopted specific sub-regional strategies for Eastern and Southern Africa and for Western and Central Africa. IFAD describes Eastern and Southern Africa as the region where "poverty reduction is most clearly dependent upon rural development." Because 85% of the extremely poor in this region depend primarily on smallholder agriculture for their livelihoods and because agricultural development in the region has stagnated or regressed in recent years, the strategy focuses on generating growth in the smallholder economy. It includes four principal thrusts:

- Promote efficient and equitable market linkages;
- Develop rural financial systems;
- Improve access to and management of land and water; and
- Create a better knowledge, information, and technology system.

Programs and projects to realize these thrusts are developed in the context of the cross-cutting principles of targeting, empowerment, and good governance; in harmony with each country's poverty reduction strategy paper, where one exists; and in partnership with government, NGOs, civil society, and the private sector.

IFAD's strategy in Western and Central Africa addresses a different set of challenges and opportunities. Although the region has experienced improvement in democratization, decentralization, liberalization, market openness, and civil society development since the 1990s, civil strife and conflict continue. The shift of population to urban areas also has created an "urban bias" in public policy, resulting in government spending priorities that favor urban infrastructure, social programs, and food subsidies and that can exacerbate poverty in the rural areas where 75% of the region's poor reside. According to the IFAD strategy for Western and Central Africa, policy reform could unleash the market opportunities in urban areas to create a win–win situation for urban businesses and rural producers.

To address this reality, IFAD's strategic goal in Western and Central Africa is "rural poverty reduction and empowerment," to be accomplished by pursuing four objectives:

- Strengthen the capacity of the rural poor and their organizations, and improve the pro-poor focus of rural development policies and institutions;
- Raise agricultural and natural resources productivity and improve access to technology;
- Increase rural incomes through improved access to financial capital and markets; and
- Reduce vulnerability to major threats to rural livelihoods.

Policy dialogue and knowledge management—as well as the cross-cutting approaches of investing in women, enhancing participation, and building on indigenous knowledge—are to be used in the pursuit of each of strategic objective.

Country-by-country details of IFAD projects are listed on the IFAD web site (IFAD n.d.).

The World Bank Group's IDA[20]

The mission of the World Bank Group is "to fight poverty and improve the living standards of people in the developing world." It also embraces the United Nations' MDGs and works to help achieve them. The bank pursues its mission by providing low-interest loans, interest-free credit, grants, policy advice, technical assistance, and other knowledge-sharing services to developing countries.

IDA is the member of the World Bank Group that focuses on providing highly concessional loans and grants to the world's poorest countries. Most of the World Bank's activity in sub-Saharan Africa is through IDA. The other major development financing arm of the World Bank Group is the International Bank for Reconstruction and Development (IBRD), which finances development-related projects at market rates. In FY2004, IDA and IBRD made new commitments to 245 projects worldwide with a total value of nearly $23 billion.

The World Bank's activities address a broad range of development needs, including achieving universal primary education; combating HIV/AIDS, malaria, and other diseases; developing a global partnership for development; ensuring environmental sustainability; improving maternal health; promoting gender equality and empowering women; and reducing

[20] Information in this section is drawn from the World Bank web site (World Bank n.d.) unless otherwise noted.

child mortality. In addition, a key World Bank program in recent years has been the Heavily Indebted Poor Countries (HIPC) Initiative. Through the HIPC Initiative, the World Bank has provided debt relief savings of $41 billion to 26 developing countries. Freed of a significant portion of their debts, these countries can use the money saved to provide social services for their citizens. Africa has been granted $3.9 billion in debt relief under the HIPC Initiative.

IDA is active in sub-Saharan Africa, with $4.1 billion in new commitments in 2004—a substantial increase from an annual average of $2.25 billion from 1995 to 1997 and $2.16 billion in 2001. Its total current portfolio is valued at $16.6 billion and includes 334 projects related to infrastructure, agriculture, regional trade facilitation, health, nutrition, population, education, community-driven development, and capital flows (World Bank 2004). This large investment makes the World Bank the largest single provider of development assistance to the region. The World Bank's commitment to sub-Saharan Africa is further underscored by its granting 46% of new IDA disbursements to the region in FY2004 and its medium- to long-term goal of committing 50% of new IDA funding to the region. Only when IDA and IBRD commitments are considered together does sub-Saharan Africa rank behind both the South Asia and the Latin America and Caribbean regions in new 2004 commitments and current portfolio value.

As discussed in Chapter 1, in 2003 the World Bank Group issued its new strategy for rural development in which it declared that agriculture is "the main source of rural economic growth" and must "be put on top of the development agenda" (World Bank 2003). As of today, the agriculture, fishing, and forestry sector of the bank's activity holds only a small share of funding, garnering about 7% of the total of new commitments in 2004. However, this percentage may understate the level of commitment to agriculture-led economic growth as understood more holistically. When IDA commitments to sub-Saharan Africa are described by theme rather than by sector, 9% of FY2004 IDA commitments went to rural development, 9% to trade and integration, and 5% to environmental and natural resources management—all of which are likely to include substantial activities that help foster agriculture-led economic growth. Illustrative examples of agriculture-related projects are listed in Table 2-1.

African Development Fund of the African Development Bank Group[21]

The ADB Group is a multinational development bank supported by 77 member countries, including the United States. It was formed in 1964 with the overall mission to promote economic and social development in Africa through loans, equity investments, and technical assistance. The group includes ADB, which makes loans on normal market terms; ADB/ADF, which provides development finance on concessional terms to low-income African countries that cannot afford to borrow on ADB's nonconcessional terms; and the Nigeria Trust Fund, which was established by the government of Nigeria to assist development in the poorer African countries and is managed by ADB.

ADB/ADF, whose role parallels that of IDA in the World Bank Group, is the relevant component of the ADB Group for purposes of this report. As a matter of policy, poverty reduction is the main purpose of the fund's concessional loans and grants, and agriculture is a focus of the fund's activity.

At a policy level, the approach to agricultural development taken by the ADB Group and ADB/ADF is in line with that adopted by African leaders through NEPAD and by the international institutions outlined in Chapter 1. This approach is laid out in *Agriculture and Rural Development Sector Bank Group Policy*:

> The transformation of Africa agriculture requires a shift from the highly diversified, subsistence-oriented farming activity towards a more commercially-oriented agriculture with improved access to markets and agro-industry. It involves greater reliance on input and output markets and increased integration of agriculture with other sectors of the domestic and international economies. It also involves a more efficient and balanced use of indigenous knowledge and "modern" scientific knowledge. (ADB/ADF 2000, iii)

The *Bank Group Policy on Poverty Reduction* names agriculture and rural development first among the ADB Group's five sectoral priorities, declaring that "agriculture and rural development will continue to be the engine of pro-poor growth in Africa" (ADB/ADF 2004, 20). This priority is reflected in the fund's recent activity. For 2003, about 25% of its loan and grant

[21] Information in this section is drawn from the web site of the African Development Bank Group (ADBG n.d.) unless otherwise noted.

approvals were in the agriculture and rural sector, a larger share than in any other sector; the transport and poverty alleviation/microfinance sectors (which also tend to benefit agricultural development) garnered 19% and 15%, respectively; the education and health sectors received 18% and 4%, respectively.

In its approach to agriculture and poverty reduction in general, the World Bank Group embraces the United Nations' MDGs and the idea that development should be owned at the country level. It thus looks to the poverty reduction strategy papers prepared by many African countries as the framework within which to consider World Bank and ADB/ADF investments in particular countries.

The United States contributes to the ADB Group through an annual appropriation channeled through the Department of the Treasury. The total U.S. contribution to the group has averaged about $110 million annually over the period 2000–2005, with all but about $5 million of this amount going specifically to ADB/ADF rather than to ADB.

Conclusion

The institutional landscape for U.S. agricultural development assistance in Africa is undeniably complex. It includes the Congress, the White House, the Department of State, four USAID headquarters units, and more than two dozen USAID field offices and programs. It includes six other bilateral agencies with various missions and roles in Africa, and the MCA coming online as an additional and potentially overshadowing funder of agricultural development in selected African countries. The United States also funds agricultural development assistance through five multilateral institutions.

USAID is today the largest U.S. channel of assistance for African agriculture. The agency has its own internal processes—albeit driven largely by congressional directive—for determining program priorities and allocating resources. It is anticipated that USAID will coordinate with MCA assistance programs as MCA compacts begin to come into play. However, there is no mechanism for ongoing coordination of program priorities and resource allocation between USAID and the nine other bilateral and multilateral institutions that provide assistance to African agriculture on behalf of the United States.

Despite institutional complexity and lack of management coordination, these institutions show striking policy-level consistency in their approaches to support for African agriculture.

Across the board, the policy frameworks are strongly market-oriented and directed toward developing African agriculture as a business, not only a producer, of more food. They thus stress improving farmer productivity by developing input markets and providing access to modern technology, and they stress the generation of cash income by connecting farmers to local, regional, and international markets. One future issue to be addressed is whether organizational fragmentation in the system is an obstacle to the effective use of resources and achievement of the vision for African agriculture embedded in the policy frameworks.

A parallel question that arises from our survey of the institutional landscape concerns the transparency and accountability of decision-making, especially in the relationship between USAID and Congress. Congress creates and USAID manages earmarks in a manner that is generally shielded from public view and input. Yet, earmarks appear to drive both strategy and day-to-day resource allocation for agricultural development assistance. There is striking congruence among the four themes in USAID's new agriculture strategy and the congressional earmarks for trade capacity building, biodiversity, biotechnology, and the Collaborative Research Support Programs (which, in combination with legislated earmarks for basic education, control most of USAID's DA budget account—the primary source agricultural development assistance).

Earmarks seem more likely to be driving USAID strategy than USAID strategy driving earmarks. In our system of government, earmarking is a congressional prerogative, but on what basis are earmarks established? On what basis can Congress or USAID assure the U.S. public and development partners in Africa that the resulting resource allocations make the most sense for Africa? The answers to these questions are not clear.

References

ADB/ADF (African Development Bank, African Development Fund). 2000. *Agriculture and Rural Development Sector Bank Group Policy*. January. http://www.afdb.org/en/layout/set/print/content/download/958/6421/file/agri_policy_apr2000.pdf (accessed March 28, 2005).

ADB/ADF. 2004. *Bank Group Policy on Poverty Reduction*. February. Available from http://www.afdb.org/psdu/poverty/policy_politique/bank_group_policy_on_poverty_reduction (accessed March 28, 2005).

ADBG (African Development Bank Group). n.d. ADBG Home Page. http://www.afdb.org/en (accessed March 28, 2005).

ADF (African Development Foundation). 2003. *Innovative Investments in Africa's Future: ADF-Funded Projects—Fiscal Years 2002–2003*. http://www.adf.gov/ADF200203report.pdf (accessed March 28, 2005).

ADF (African Development Foundation). n.d. ADF Home Page. http://www.adf.gov (accessed March 28, 2005).

Arnold, Nathan. 2005. Personal communication from Nathan Arnold, Peace Corps, Office of Press Relations, to the authors, May 25.

Brown, Jocelyn. Personal communication from Jocelyn Brown, assistant deputy administrator, ICD/FAS/USDA, to the authors, Feb. 4.

FAO (Food and Agriculture Organization of the United Nations). 2000. *The Strategic Framework for FAO 2000–2015*. Available from http://www.fao.org/strategicframework/ (accessed March 24, 2005).

FAO. 2003. *Adjustments to the Programme of Work and Budget 2004–05*. Available from http://www.fao.org/pwb/2005/ (accessed March 24, 2005).

FAO. n.d. FAO Home Page. http://www.fao.org (accessed March 28, 2005).

IFAD (International Fund for Agricultural Development). n.d. IFAD Home Page: Enabling the Rural Poor to Overcome Poverty. http://www.ifad.org (accessed March 28, 2005).

Manheim, Marianne. 2005. Personal communication from Marianne Manheim, Peace Corps FOIA/Privacy Act Specialist, to the authors, June 27.

MCC (Millennium Challenge Corporation). 2003. *Background Paper: Implementing the Millennium Challenge Account.* Feb. 5. http://www.mcc.gov/about_us/key_documents/MCA_BackgroundPaper_FactSheet.pdf (accessed March 28, 2005).

MCC. n.d. MCC Home Page: Reducing Poverty through Growth. http://www.mcc.gov (accessed March 28, 2005).

Natsios, Andrew S. 2001. Testimony before the Senate Appropriations Committee Subcommittee on Foreign Operations. May 8. (http://www.usaid.gov/press/spe_test/testimony/2001/ty010508.html (accessed March 24, 2005).

OECD (Organisation for Economic Co-operation and Development). n.d. *CRS Online Database on Aid Activities.* Available from http//:www.oecd.org/dac/stats/idsonline (accessed April 3, 2005).

OPIC (Overseas Private Investment Corporation). n.d. OPIC Home Page. http://www.opic.gov (accessed March 28, 2005).

Peace Corps (U.S. Peace Corps). n.d. About the Peace Corps: Where do Volunteers Go? Available from http://www.peacecorps.gov/index.cfm?shell=learn.wherepc.africa (accessed April 25, 2005).

Peace Corps. Various years. Congressional Budget Justifications.

State Dept./USAID (U.S. Department of State and U.S. Agency for International Development). 2003. *Strategic Plan: Fiscal Years 2004–2009.* August.

U.N. (United Nations). 2002. *Report on the International Conference on Financing for Development,* Monterrey, Mexico, March 18–22. http://www.un.org/esa/ffd/aconf198-11.pdf (accessed March 28, 2005).

U.S. Department of State. 2004. *Inaugural Board Meeting of the Millennium Challenge Corporation*. Bureau of Public Affairs, Feb. 2. http://www.state.gov/secretary/former/powell/remarks/28721.htm (accessed March 24, 2005).

USAID (U.S. Agency for International Development). 2003. *USAID Organization Chart*. January. http://www.usaid.gov/about_usaid/orgchart.html (accessed March 25, 2005).

USAID. 2004a. *On the Front Lines: Performance and Accountability Report, Fiscal Year 2004*. Nov. 15. http://www.usaid.gov/policy/par04/management.pdf (accessed March 28, 2005).

USAID. 2004b. *USAID Agriculture Strategy: Linking Producers to Markets.* PD-ABZ-800. July. http://www.usaid.gov/our_work/ agriculture/ag_strategy_9_04_508.pdf (accessed March 25, 2005).

USAID. 2005. *Initiative to End Hunger in Africa (IEHA).* USAID sub-Saharan Africa. http://www.usaid.gov/locations/sub-Saharan_africa/initiatives/ieha.html (accessed March 28, 2005).

USAID. n.d. *Africa: Country and Regional Programs.* http://www.usaid.gov/locations/sub-Saharan_africa/countries/ (accessed April 3, 2005).

USAID. Various years. Congressional Budget Justifications. Available from http://www.usaid.gov/policy/budget/ (accessed March 30, 2005).

USAID/FFP (U.S. Agency for International Development/Office of Food for Peace). 1995. Food Aid and Food Security Policy Paper. Feb. 27. http://www.usaid.gov/policy/ads/200/foodsec/foodsec.pdf (accessed March 25, 2005).

USDA (U.S. Department of Agriculture). 2003. *International Training and Cooperation from the Farm Gate to the Dinner Plate*. Foreign Agricultural Service, Food Industries Division. http://www.fas.usda.gov/dlp/food-industries/index.html (accessed March 24, 2005).

USDA. n.d. Foreign Agricultural Service Home Page. http://www.fas.usda.gov/ (accessed March 28, 2005).

USDA FAS (U.S. Department of Agriculture, Foreign Agricultural Service). 2005. FAS Online: The Development Resources Division and USDA International Technical Assistance. http://www.fas.usda.gov/icd/drd/drd.html (accessed March 28, 2005).

USTDA (U.S. Trade and Development Agency). n.d. USTDA Home Page. http://www.ustda.gov (accessed March 28, 2005).

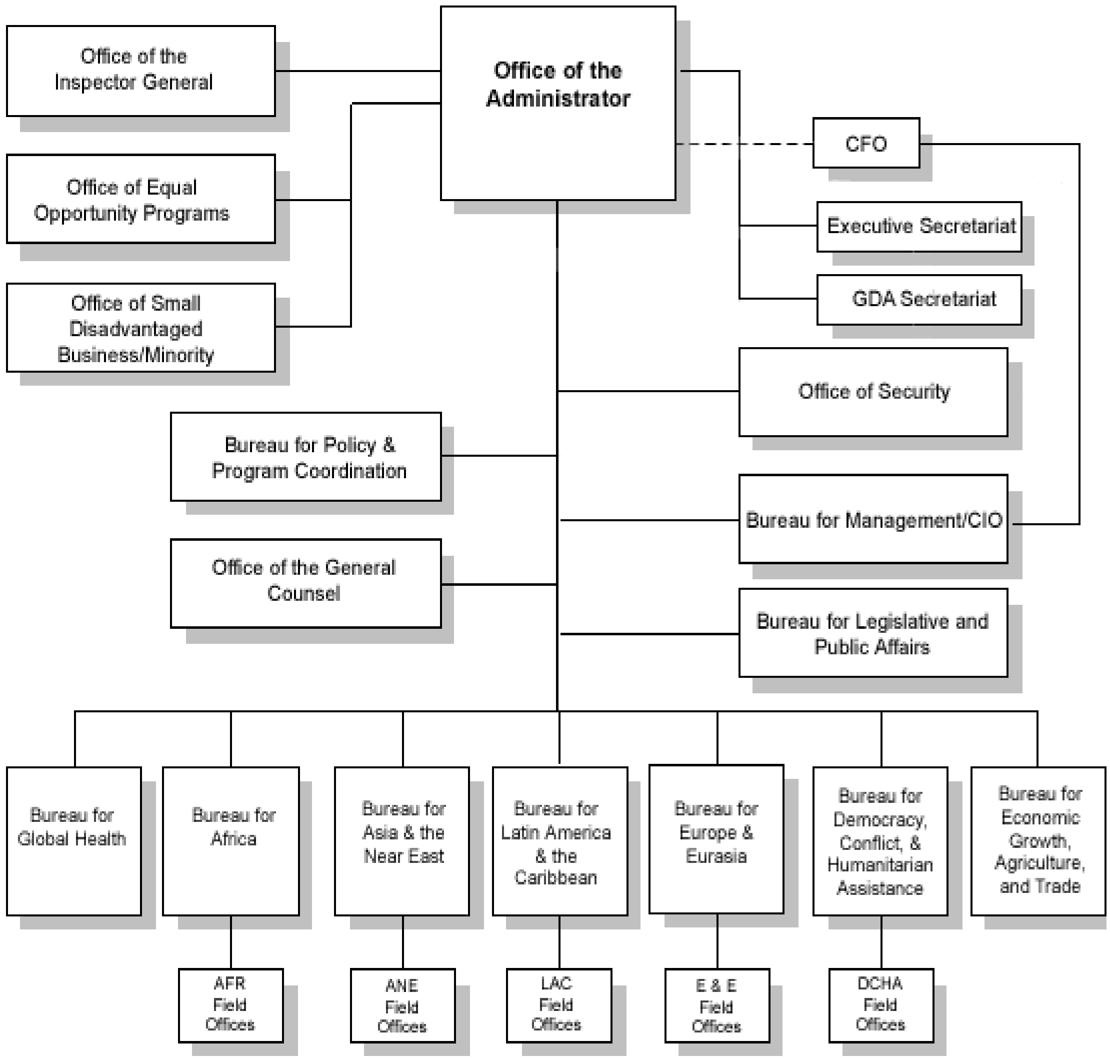
WFP (U.N. World Food Programme). 2005. *Facts and Figures.* http://www.wfp.org/aboutwfp/ facts/index.asp?section=1&sub_section=5 (accessed March 24, 2005).

World Bank Group. 2003. *Reaching the Rural Poor: A Renewed Strategy for Rural Development.* Washington, DC: International Bank for Reconstruction and Development/World Bank. Available from http://www-wds.worldbank.org/servlet/ WDS_IBank_Servlet?pcont=details&eid=000094946_03092504152762 (accessed March 24, 2005).

World Bank Group. 2004. Annual Report. http://www.worldbank.org/annualreport/2004/ (accessed March 28, 2005).

World Bank Group. 2005. *Africa: Active Projects*. http://web.worldbank.org/external/default/main?menuPK=258671&pagePK=146740&pagesize=20&pagetitle=Active%20Projects&piPK=146810&status=A&theSitePK=258644 (accessed April 3, 2004).

World Bank Group. n.d. The World Bank Group Home Page. http://www.worldbank.org/ (accessed March 28, 2005).



Notes: CFO = chief financial officer, GDA = Global Development Alliance, CIO = chief information officer, ANF = Bureau for Africa, ANE = Bureau for Asia and the Near East, LAC = Bureau for Latin America and the Caribbean, E&E = Bureau for Europe and Eurasia, DCHA = Bureau for Democracy, Conflict, and Humanitarian Assistance.
Source: USAID 2003.

Figure 2-1. USAID Organizational Chart

Table 2-1. Examples of Active Agriculture-related World Bank/International Development Association Projects in sub-Saharan Africa

Project Name	*Country or Region*	*Current Projects (US$, millions)*
Africa Emergency Locust Project	Africa	59.5
Cotton Sector Reform Project	Benin	18
BI-Agriculture Rehabilitation and Sustainable Land Management	Burundi	35
Agricultural Services and Producer Organizations Project	Chad	20
Agricultural Services Subsector Investment Project	Ghana	67
Kenya Agricultural Productivity Project	Kenya	40
Community-Based Rural Land Development Project	Malawi	27
Agricultural Services and Producer Organizations Project	Mali	43.5
Agricultural Sector Public Expenditure Program	Mozambique	30
Private Irrigation Promotion Project	Niger	38.72
Agricultural Services and Producer Organizations Program	Senegal	27.4
National Agricultural Advisory Services Project	Uganda	45
Agricultural Research and Training II	Uganda	26
Emergency Drought Recovery Project	Zambia	50

Source: World Bank 2005.