



**USAID**  
FROM THE AMERICAN PEOPLE

**Advisory Committee on Voluntary Foreign Aid**

**October 21, 2009 Meeting Report**

USAID/A/AID  
Room 6.09-073, RRB  
1300 Pennsylvania Avenue, NW  
Washington, DC 2052307600  
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**USAID**  
FROM THE AMERICAN PEOPLE

**Meeting Agenda**

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**Advisory Committee on Voluntary Foreign Aid**

**Wednesday, October 21, 2009**

Jack Morton Auditorium  
George Washington University  
805 21<sup>st</sup> Street, NW  
Washington, DC 20052

**Public Meeting Agenda:**

- 9:00 am**      **Welcome and Overview**  
Jack Morton Auditorium
- Dr. John Sullivan, ACVFA Chairman and Executive Director  
Center for International Private Enterprise
- 9:05 am**      **Introduction:**
- Dr. John Sullivan, ACVFA Chairman and Executive Director  
Center for International Private Enterprise
- 9:10 am**      **Keynote: Message from USAID**
- Ambassador James Michel  
Counselor to the Agency, USAID
- 9:20 am**      **Questions from the ACVFA Members and the General Public**
- 9:30 am**      **Report from the ACVFA Subcommittee on Monitoring and Evaluation**
- Theodore Weihe, Subcommittee Chair  
Land O'Lakes
- 9:40 am**      **Introduction:**
- Dr. John Sullivan, ACVFA Chairman and Executive Director  
Center for International Private Enterprise

**9:45 am      Keynote Presentation:**

Franklin Moore  
Deputy Assistant Administrator, Bureau for Africa  
USAID

**10:00 am      Questions from the ACVFA Members and the General Public**

**10:20 am      BREAK**

**10:50 am      Panel Presentation: Best (and Worst) Practices in Implementing  
Food Security Programs**

**Moderator:**

Doug Bereuter  
President and CEO, Asia Foundation

**Presenters:**

Peter McPherson, APLU and Chicago Council on Global Affairs  
Tom Verdoorn, Land O'Lakes  
Kristin Penn, Millennium Challenge Corporation

**11:25 am      Questions from ACVFA Members and the General Public**

**12:15 pm      Meeting Adjourns**

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**USAID**  
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**ACVFA Membership**

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**USAID**  
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**October 2009**

**Advisory Committee on Voluntary Foreign Aid**

**Committee Chairman**

**John Sullivan, Ph.D.**

President and CEO  
Center for International Private Enterprise

**Spencer King**

Executive Director  
International Executive Service Corps

**Committee Vice Chair**

**Carol C. Adelman, Ph.D.**

Director, Center for Global Prosperity  
Hudson Institute

**Robert Litan, Ph.D.**

Vice President, Research and Policy  
Kauffman Foundation

**Committee Members**

**Deborah Bensen**

Vice President of  
Media and Government Relations  
Operation Blessing

**Stephen Moseley**

President and CEO  
Academy for Educational Development

**Douglas Bereuter**

President  
Asia Foundation

**William Reese**

President and CEO  
International Youth Foundation

**Lorne Craner**

President  
International Republican Institute

**Johanna Schneider**

Executive Director, External Relations  
Business Roundtable

**John Galbraith**

President and CEO  
Catholic Medical Mission Board

**Ted Weihe**

Senior Advisor  
International Development Division  
Land O'Lakes, Inc.

**Helene D. Gayle, M.D.**

President and CEO  
CARE

**Deborah Wince-Smith**

President  
Council on Competitiveness

**Corey Griffin**

Vice President, Civilian Agency Programs  
MainStream GS



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# ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

**Public Meeting  
October 21, 2009**

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## **OPENING REMARKS**

Dr. John Sullivan, ACVFA Chairman, welcomed attendees and summarized the topics of the day's meeting: first a message on the future of USAID, then a report on ACVFA's recommendations for monitoring and evaluation, and finally a discussion of food security, a topic on everyone's mind given the spike in food prices, the global economic recession, and the recent announcement from the UN that as many as 1 billion people may be hungry.

## **MESSAGE FROM USAID**

**Ambassador James Michel**, *Counselor to the Agency, USAID*

USAID Acting Administrator Alonzo Fulgham sends his greetings to ACVFA. This is a challenging time for USAID and a time of great promise. Both the President and the Secretary of State have expressed the administration's commitment to development and to the role of USAID in shaping and carrying out the foreign policy of the United States. It has also been inspiring to see a number of congressional initiatives that express support for a vigorous U.S. development program and a leading role for USAID in carrying out such a program.

USAID is rebuilding its human resources. It is on track to hire another 300 foreign service officers next year after hiring the same number in 2009, which keeps the Agency on pace to double its foreign service workforce and substantially increase its civilian workforce by 2012. This is an indication of the importance of USAID to Congress and the President, but also an indication of how badly understaffed USAID had become.

At the same time the Agency is improving operating systems to manage the increased resources entrusted in it. It is installing training programs, updating guidance, modernizing information technology, regaining needed program and technical competencies, and strengthening the evaluation function, a subject on which ACVFA has provided valuable advice.

Major studies now underway address the challenges of doing business in ways more responsive to the 21st Century's development agenda. USAID is playing an active role in the interagency process to meet the Presidential Study Directive issued in August to produce a U.S. global development policy. Agency employees are also deeply engaged with their State Department colleagues in the Quadrennial Diplomacy and Development Review (QDDR), an effort inspired by the Defense Department's regular strategy review that will address diplomacy and development priorities on a recurring basis. Initiated by the Secretary of State and co-chaired by the State Department Director of Policy Planning and the Acting Administrator of USAID, the QDDR's goal is to align and integrate the instruments of diplomacy and development policy. It has five working groups,

made up of State and USAID employees and co-chaired by State Department and USAID officers, to address five interrelated themes:

- Building a Global Architecture of Cooperation
- Leading and Supporting Whole-of-Government Solutions
- Investing in the Building Blocks of Stronger Societies
- Preventing and Responding to Crises and Conflicts
- Building Operational and Resource Platforms for Success

The Agency has high expectations that the conclusions of these studies will elevate the place of development in U.S. foreign policy and strengthen the role of USAID.

Of course it is important that the Agency have a new Administrator, but while waiting for one, the career staff under Alonzo Fulgham's leadership is meeting challenges and building for the future. Meanwhile major foreign policy issues demand attention. No challenge is more emblematic of the importance of development than food security, the subject of a discussion panel to be held later in the meeting. The administration has announced a major initiative to reduce hunger and poverty, working in collaboration with food insecure countries and the broader international community. The focus is on increasing agricultural production, linking farmers to markets, increasing agricultural trade, improving nutrition, improving humanitarian assistance, and engaging underserved populations, especially women. The effort cuts across multiple sectors: education, health and nutrition, climate change, renewed economic growth, and good governance.

Secretary Clinton made a major address in September that set out the U.S. government's strategy on food security and articulated some key principles based on the L'Aquila Summit. The following day she joined with UN Secretary Ban Ki-moon to put forth a proposal for international cooperation. Acting USAID Administrator Alonzo Fulgham also hosted an event on the margins of the UN General Assembly in which he made an important statement on food security and its relationship to global climate change. All of these policy statements are publicly available.

## **Questions and Answers**

**Stephen Moseley**, ACVFA Member, said he was pleased that Congress and the administration are going forward with the expansion of USAID's technical capabilities. He noted that ACVFA is an expression of the partnership between private organizations and the government, and asked what USAID and the State Department are doing to strengthen that long-term partnership.

**Amb. Michel** said that this question was among those under review as part of the studies he had mentioned: how USAID can reach out of its bureaucracy to engage nongovernmental organizations (NGOs), the private sector, universities,

and philanthropic foundations. At the same time, there is a concern that during the period when USAID's technical skill base and workforce were diminished, perhaps too much was expected of partners that should have been the work of the Agency, including monitoring and evaluation, policy-setting, planning, and oversight. Some functions are best performed by government and others are best performed outside of government, especially in implementation. The effort to define which processes need to be inside government and which can benefit from partners' contributions will be an iterative process.

**Douglas Bereuter**, ACVFA Member, asked about the implications of the increased importance of the G20 as compared to the G7 or G8. Might this have an impact on food security? Will the United States' differences with European countries over implementation continue to impede food security measures, or will the G20 push the world in the right direction?

**Amb. Michel** said that the G20 is a positive step toward amplifying the voices of developing countries. When the Organisation for Economic Co-operation and Development (OECD) took steps to include developing countries in policy discussions, it learned that broader participation improved its dialogue and the quality of resulting decisions. The broader participation in the G-20 process likewise holds promise for better responses to global challenges such as food security.

**Kate Phillips-Barrasso** of CARE asked about the difference between the Presidential Study Directive and the QDDR. How do they relate to each other?

**Amb. Michel** said that the Presidential Study Directive aims to produce a global development policy for the United States. It is a broad, interagency process in which USAID is one of about 20 government entities involved. The QDDR involves primarily the State Department and USAID and aims to bring foreign policy and development together effectively. Since both initiatives are considering how the instruments of policy can best be deployed on behalf of effective development, they involve many of the same questions. Many of the same people are working on both, and there is continuing interaction and communication between the two efforts. The Presidential Study Directive should issue its conclusions late this year or early next year, and those will in turn inform the conclusions of the QDDR, which will be completed in the spring of 2010.

## **REPORT FROM THE ACVFA SUBCOMMITTEE ON MONITORING AND EVALUATION**

**Theodore Weihe**, *Subcommittee Chair and Senior Advisor, International Development Division, Land O'Lakes, Inc.*

ACVFA has aimed to provide solid advice to USAID and the President in a time of change. Under the last administration USAID did away with its Center for Development Information and Evaluation. That did great harm to the Agency's evaluation capabilities, and USAID's new leadership is trying to restore them. In June, ACVFA had an excellent discussion on the topic of monitoring and evaluation. The document *ACVFA Recommendations on Monitoring and Evaluation* took that public dialogue as a starting point, and then ACVFA members worked together to revise it through several more drafts.

The recommendations fall into a few main areas:

1. "Better Integration of M&E within USAID." ACVFA believes that monitoring and evaluation should be a core activity of USAID as a learning organization. This requires commitment from senior leadership and permanent funding.
2. "Adoption of Framework for Evaluations." This section summarizes 14 best practices in monitoring and evaluation, drawn from the UN and development agencies around the world. ACVFA believes USAID should formally adopt a framework for monitoring and evaluation that follows those best practices.
3. "Instill Learning and Accountability." USAID's leadership must support rigorous monitoring and evaluation that allows for failure. Many of the best lessons come from failures, not just successes. USAID's leaders must separate failures for which career staff should be held accountable, such as poor monitoring, design, or follow-up, from those caused by factors outside of their control. Tension between program managers and evaluators can be useful, in that evaluations may be more likely to capture the attention of senior decision makers.
4. "Focus More on Sustainability." USAID and its partners seldom reexamine projects three to five years after their completion. Yet in those few years many local organizations created by projects disappear. USAID needs postprogram evaluations that focus on sustainability, particularly at a community level.
5. "Greater Reliance on Local and Outside Evaluators." Local evaluators are likely to be heavily invested in determining whether the work done in their country is really valuable.
6. "Recommended Organizational Changes." In Congress, both the House Foreign Affairs Committee and Senate Foreign Relations Committee are considering legislation relevant to USAID. Rather than tackle the Foreign Assistance Act of 1961 immediately, they have bills before them focused on monitoring and evaluation. Their attitude appears to be that U.S. government agencies engaged in foreign assistance need to fix their

monitoring and evaluation before Congress can enact more substantive revisions to basic legislative frameworks. ACVFA believes that the monitoring and evaluation office needs to be independent within USAID, with its own budget authority. Every federal agency carrying out assistance programs should have an annual monitoring and evaluation plan. And ACVFA continues to support the Global Development Commons as a forum for continuing dialogue about monitoring and evaluation strategies and approaches.

## KEYNOTE PRESENTATION

**Franklin Moore**, *Deputy Assistant Administrator, Bureau for Africa, USAID*

The number of those who are food insecure has probably reached 1 billion. These hungry people are concentrated principally in sub-Saharan Africa, South Asia, and portions of South and Central America. Twenty percent are urban dwellers, including a sizable percentage of the ultrapoor, those living on 50 to 75 cents a day. Eighty percent live in rural areas:

- 20 percent are rural and either landless or living on parcels so small that they cannot even provide for themselves.
- 50 percent live on parcels of land that, while small, could potentially not only allow them to provide for themselves but even produce a surplus of food, if they could be made more productive.
- 10 percent are rural and engaged in aquaculture or raising livestock.

Food insecurity occurs when food is not available, when people cannot get access to it, or when it is not nutritious enough. The U.S. government's response to problems of nutrition generally focuses on pregnant women and children under two years old. Otherwise the U.S. government engages in two primary types of activity to help the food insecure. The first is humanitarian assistance. In the coming year the United States will probably have to deliver major humanitarian assistance because of two effects of climate change: the four-year drought underway in eastern Africa, and the flooding that has greatly damaged India's rice crop.

The other type of response is agricultural development, which concentrates on that 60 percent of the food insecure with access to potentially productive land or animals. In recent years developing countries have come to understand that food security is in question, that it is important, and that in many cases agriculture has not been permitted to contribute to economic growth as it can and should. There are a number of reasons for that lack of contribution. For one thing, although agricultural development addresses systems dominated by small farmers, it has not in the past focused equally on women, even though 70 percent of small farmers are women.

Agricultural development aims to raise production and improve productivity on small farms, in order to increase the availability of food. Since 40 percent of the food produced in the developing world never makes it to the consumer, development also helps link farmers to markets by improving the storage, transportation, and processing of food. Since these postharvest activities are largely in the purview of the private sector, agricultural development efforts must engage private-sector entities, including cooperatives. Linking farmers to markets not only expands food availability but also increases farmers' incomes, improving their access to food.

The New Partnership for Africa's Development has created a Comprehensive African Agricultural Development Program (CAADP), a process intended to engage country governments, the UN, and major groups across society (women, youth, foundations, research organizations, NGOs, the private sector, indigenous people's organizations, labor unions, and subnational administrators). Each country is to bring together those segments of society with government to determine the problems facing agriculture and the development solutions that could address them, particularly solutions centered on staple food crops.

Donor nations must respond to these country-led processes. They must consider how women and the ultrapoor fit into the responses, and how they can transition from humanitarian assistance to longer-term development assistance. Ideally, agricultural development should improve the employment prospects of the non-landowning rural poor, to improve their access to food. The vast majority of countries with food insecurity problems need a cadre of at least 100 trained people in the public and private sectors to enable them to make such transitions.

The hope is that what has taken place along these lines in Africa will be replicated in Latin America and Asia.

Many countries are also beginning to improve their social safety nets. Brazil in particular has created a good safety net for its ultrapoor, and it is now sharing its technical expertise with other countries.

Finally, the United States is working with regional organizations like the Economic Community Of West African States to strengthen regional markets. Efficient regional markets are essential to improving incomes by getting food from breadbasket countries to their neighbors.

### **Questions and Answers**

**Dr. John Sullivan**, ACVFA Chairman, cited Amartya Sen's observation that democratic, just countries do not suffer famines. He asked how that fact featured into USAID's plans.

**Mr. Moore** agreed that governance plays a critical role. This is the first time the world has concentrated so much on agriculture since the fall of the Soviet Union, which has allowed a more explicit focus on governance and economic organization than ever before. People can now discuss the active role of the private sector, which is dependent on governance and policies that encourage the efficient operation of markets. An efficient private sector requires a lack of bribes, for example. Only those countries that have tackled governance can assemble the constituent groups envisioned in the CAADP process.

**Dr. Sullivan** noted that USAID has been one of the agencies shaping the Doing Business indicators. It would be interesting to see whether those indicators play a role in fostering an environment conducive to increased productivity and decreased waste.

**Helene Gayle**, ACVFA Member, said that food insecurity is of such obvious importance to countries that perhaps it can be at the leading edge of reforms. She asked what USAID will have to do differently to accomplish its goals. She also asked how USAID's efforts mesh with initiatives underway in the State Department and the U.S. Department of Agriculture (USDA).

**Mr. Moore** said that as USAID began to consider the problem of food insecurity, it was asked to send representatives to a meeting at the State Department, along with representatives from the Millennium Challenge Corporation (MCC) and the President's Emergency Plan for AIDS Relief (PEPFAR). There, State Department representatives explained that Secretary Clinton hopes the U.S. response to food insecurity can be a positive part of her legacy. By the next meeting the group had been joined by representatives of the USDA and the Office of the U.S. Trade Representative. That collection of about 20 people has met many times to share perspectives and discuss how to respond to countries' views of the problem. The goal is to align the activities of all agencies operating in a given country. How, for example, should the MCC invest in the infrastructure for traditional cash crops and food crops? How should USDA invest in infrastructure for phytosanitary processes needed to move crops throughout a region?

**Ted Weihe**, ACVFA Member, noted that as America has become an increasingly urban society, it has fewer and fewer professionals who grew up in rural settings. That makes it harder to talk to other countries about how best to organize farmers to reach markets. There exists no center of understanding of small farmer organizations and cooperatives anywhere in the world. Helping farmers reach markets is an organizational task, and there is no place to go to find best practices and expertise.

**Mr. Moore** replied that one advantage of working on this with 20 other nations, 10 agencies, and a variety of nonprofits is that while that expertise has diminished in the United States, it has not vanished from the world. It is still present in places like India and Indonesia. That is another reason why the G20

can be a significant organizing force in the response to these problems. For example, Tanzania can learn from people in Indonesia who have expertise in small farmer cooperatives. The L'Aquila Coalition can help make that happen. One organization that has stuck with small farmers is the International Fund for Agricultural Development.

**Corey Griffin**, ACVFA Member, asked what the private sector's role can be under a public-private partnership, in particular to help raise production and productivity.

**Mr. Moore** said that there are several roles for the private sector. First, there is a need to motivate, encourage, and support the indigenous private sector within countries. Often that will happen in partnership with the global private sector. Farmers should make use of improved seeds and have access to better fertilizers. The U.S. private sector is considering ways it can participate in land preparation and irrigation once small farmers are organized. There will also be a variety of opportunities for the private sector in postharvest storage, transportation, and processing, particularly among groups of countries where food can move freely. If it is possible to link subregions in such a way that six separate markets of 20 million people become one market of 120 million people, it increases opportunities for the private sector.

**Stephen Moseley**, ACVFA Member, asked how USAID's current nutrition plans build on its strong history of work in the field of nutrition.

**Mr. Moore** said that USAID is trying to address the supply of nutrition in new ways. He said that most of what he knew about on-the-ground nutrition he learned from Helen Keller International, for which he worked in rural Tanzania on Vitamin A supplementation. Today such an effort would be matched by programs to encourage farmers to grow orange fleshy sweet potato, which contains Vitamin A. That gives people a choice between supplementation and agriculturally provided nutrition.

**John Strongman**, formerly of the World Bank, thanked Mr. Moore for USAID's emphasis on women and asked him to say a few words about why that emphasis is so important.

**Mr. Moore** replied that agriculture is dominated by women in production and in some areas of storage and processing. In the 1970s, when USAID trained five people from a village in new agricultural methods, nine times out of 10 those five were all men. That simply doesn't work.

**Judith Lahai-Momoh** of Saving Lives through Alternate Options said that her organization was doing work in the Democratic Republic of Congo and in Sierra Leone. There are many problems in Congo, but there is no USAID office in the

country. One has to go to Guinea, and that office's focus is not on agriculture but on democratization. She asked how that focus might be changed.

**Mr. Moore** answered that at this time the focus should not be on where USAID is and what it is doing. It is more important to concentrate on the governments of Congo and Sierra Leone: what are their visions of agricultural development? USAID is spending its time helping countries achieve the goals they set.

**Sandy Hoar** of the George Washington University asked what can be done for the 20 percent who are urban poor.

**Mr. Moore** said that USAID is trying to get countries to put in place safety nets to help the urban poor return to productive activity. In addition, many urban areas have expanded so dramatically that they have absorbed rural areas around them. Quite often in those periurban areas, one can grow vegetables and other high-value agricultural crops critical for nutrition but perishable and difficult to transport. That too can provide opportunities for the urban ultrapoor. Help for the rest can only come from efforts to transform whole economies. Unfortunately, USAID's strategies cannot meet the needs of 100 percent of the food insecure.

**Ms. Hoar** asked how country ministries can be pushed to work together more effectively.

**Mr. Moore** said that education ministries, in particular, provide strong locations for safety nets, namely feeding programs in schools. They also offer options for training children in agricultural areas and giving them alternative employment options.

**Julie Howard** of the Partnership to Cut Hunger and Poverty in Africa asked how the interagency collaboration underway in Washington will affect programs on the ground in Africa. How will the process embrace other bilateral and multilateral donor agencies? How is Congress being brought into the discussion?

**Mr. Moore** said that U.S. departments and agencies have greatly changed their views on how best to work together. It helps each to understand the expertise residing in the others. Under the Paris and Accra Principles, all donor nations are trying to work together more effectively. There is much more dialogue among donors about their interests and how they can operate together.

**Kathleen Cruse** of AED Africa's Health in 2010 asked which staples contain more vitamins and minerals.

**Mr. Moore** said that the "new" staples are broader than the basic grains. For example, while there is widespread consumption of sweet potato, a lot of nutrition work has aimed to get farmers to grow orange sweet potato, which is more nutritious. Other projects aim to convince people who consume white maize to

consider switching to more nutritious yellow maize. Some agriforestry projects are trying to get people to grow traditional fruits. Other projects aim to boost incomes by helping people to grow more traditional vegetables, as has happened to a great extent in Kenya over the last five years.

**Kevin Anderson** of Friends of the World Food Programme asked whether USAID has found any parts of its initiative that will require new legislative authority.

**Mr. Moore** said that, so far, the Agency has not seen the need for new legislative authorities.

### **PANEL PRESENTATION: BEST (AND WORST) PRACTICES IN IMPLEMENTING FOOD SECURITY PROGRAMS**

**Moderator: Doug Bereuter**, *President and CEO, Asia Foundation*

On September 12, an international icon died: Norman Borlaug, often cited as the single most important leader in the Green Revolution. The head of the World Food Programme said that Dr. Borlaug saved more people's lives than anyone else in history. Today, as we face statistics like 1 billion chronically hungry this year, with perhaps 1.2 billion in a few years and 2.3 billion additional people on Earth projected by 2050, we have to ask why it is that we produce enough food to feed the world but still have people hungry. The answers are complex, involving everything from American and European farm politics and African corruption to war, poverty, climate change, and drought, but David Beckman, head of Bread for the World, boiled it down to "A lack of a 'give-a-damn' about it."

When Norman Borlaug accepted the Congressional Gold Medal, he said, "World peace will not be built on empty stomachs or human misery. It is within America's technical and financial power to end this human tragedy and injustice, if we set our minds and our hearts to the task."

**Peter McPherson**, *President, Association of Public and Land-grant Universities*

The United States needs to return to medium- and long-term efforts. We have moved too much toward the short-term delivery of goods and services. We need a better balance between long term and short term. Highly subsidized fertilizer, for example, is only one season away from free food. Some subsidies may be appropriate for a time, but it is too easy to move into a situation such as that in India, where fertilizer takes up most of the national agriculture budget.

Efforts to combat hunger need to be country-driven to the greatest possible extent. It is a mistake and a problem that host countries don't have a seat at the

table in most Washington-based allocations of money. The countries that take charge of their own futures are those that make the most progress.

We need to address human resources more extensively. K–12 and university education are vitally important for the future of any agricultural development and development generally. We have virtually abandoned long-term training in the United States, and we need to get back to it.

Cooperatives and farmers' organizations can play an important role in distributing technology and mobilizing people. There is more work to do to identify what has and has not been successful in farmers' organizations and cooperatives.

Often NGOs, with their innovative and independent activities, are not in positions to increase the scale of their good works. It may feel to some that it will compromise their independence, but they ought to coordinate better with USAID. USAID missions ought to have a real role in what NGOs are doing in a country so that NGOs can bring their work to a larger scale quickly. As appropriate, more coordination with the local government can sometimes help in bringing good projects to a larger scale.

Universities and NGOs must develop stronger relationships. Outside of government, universities are the closest thing to life in perpetuity: they have faculties and institutional memories that last. They generally do not have a comparative advantage in the distribution of goods and services, but they can do evaluation and analysis, and plan and maintain long-term relationships in a manner that NGOs generally do not.

It is very important that the MCC be given the authority to conduct programs on a regional basis rather than being restricted to the country level. Regional trade is often more important than international trade for many African countries. Regional trade that lacks some linkage to international trade agreements may be very hard to sustain, however.

**Tom Verdoorn**, *Vice President of International Development, Land O'Lakes*

Feeding a hungry world is a significant challenge that continues to face us despite all our accumulated knowledge about producing vast quantities of food. It is also an opportunity, because if we can improve the productivity of agricultural systems in developing countries, we not only have the chance to provide nourishment to hungry people but also to build a platform for economic growth in many countries.

Land O'Lakes is best known for dairy products, especially butter. It was formed in 1921 in Minnesota by farmers to market dairy products. Today it is a \$12 billion company that still sells a significant array of dairy products in the marketplace. It is also the largest feed company in America and the third-largest seed company,

with proprietary genetics in forages and alfalfas. It is the largest distributor of crop protection products in the country and the second-largest shell egg company.

It is also a cooperative, the third-largest in the country. It is owned by local cooperatives, farmers, and ranchers in 38 states. Its structure and long life give it a unique perspective. Land O'Lakes takes a long-term, multigenerational view of agriculture, business, and the food industry. This affects how the company considers sustainability and stewardship, its obligation to feed a hungry world, the tradeoffs between short-term profits and long-term investments, and its commitment to being socially responsible.

One of the ways Land O'Lakes demonstrates that social responsibility is through its International Development division, created in 1981 for three reasons. First, its leadership felt that to be a long-term participant in food and agricultural industries, the company needed to foster a global perspective. Second, the company's owners—farmers and ranchers driven by their own values—had an interest in the welfare and livelihoods of farmers around the world. Third, Land O'Lakes felt that with its decades of farm-to-market experience, the company could contribute significantly to making countries' value chains work more effectively.

Since 1981, Land O'Lakes International Development has worked in more than 70 countries around the world, implementing more than 170 projects. In 2008, it worked on 33 projects in 28 countries.

Land O'Lakes follows five principles for programs to increase food security:

1. Better inputs (for crops, financing, training, animal genetics, etc.) do increase productivity.
2. Supply chains and value chains often have bottlenecks that can cause waste and increase costs.
3. Value addition comes primarily from a focus on the needs of the customer.
4. Projects must foster an environment that supports food production and market access, by influencing policies, practices, or other conditions that reduce productivity or raise costs.
5. Interventions must be designed to lift up women.

In Zambia, Land O'Lakes has been conducting a food security project funded by Title II resources to build sustainable livelihoods for 2,700 smallholder farmers and their families. In doing so, it has applied the same five principles:

1. Inputs and assets: Land O'Lakes has provided animals with better genetics, improved the genetics of existing herds through artificial insemination, and offered training in animal husbandry.
2. Value chains: Land O'Lakes has helped farmers aggregate their production through cooperatives and aligned those coops with milk processors.
3. Add value: Farmers have been helped to meet quality standards consistently.

4. Foster a supportive environment: The program has included a heifer pass-on component, under which farmers who receive help must give their first heifer to another family to help them start a farm business. Land O'Lakes also formed an alliance with World Bicycle Relief to create a heavy bicycle, which allows herders to get their milk to a cooling center within the 45 minutes needed to maintain its quality.
5. Engage women: Wherever possible, cows are registered in the name of the woman in the household.

The project has been a success. Household incomes have increased 125 percent, to an average of \$872 per year. When the project started there was no smallholder milk entering the supply chain; smallholders now account for 8 percent of processors' supply. The total estimated benefit to smallholders is \$1.3 million per year. Beneficiaries are no longer vulnerable and no longer seek or want food relief assistance.

Over the course of its experience, Land O'Lakes has identified some of the characteristics of successful programs.

- While the problems may be complicated, the logic of a successful program should be simple enough to explain to an eight-year-old.
- The company aims to be a learning organization flexible enough to constantly adjust to successes and failures.
- That in turn requires robust monitoring and evaluation that starts well before a project launches, continues throughout it, and confirms data wherever possible.
- Land O'Lakes takes a long-term view, recognizing that problems in food security weren't created overnight, nor will they be solved quickly.
- It also aims to fully engage the private sector, as that is the only way to make solutions sustainable.

Conversely, programs tend to fail when they lack adequate research and reliable data, when they have inadequate support from host countries or local organizations, when they stay rigidly committed to one strategy in the face of mounting evidence against it, and when they face an environment of laws, institutions, and government investment not conducive to economic growth.

Dr. Norman Borlaug was one of only five people to have received the Nobel Peace Prize, the Presidential Medal of Freedom, and the Congressional Gold Medal. His work on plant genetics has saved hundreds of millions of lives. Unfortunately, the application of technology in agriculture has gotten far too controversial. But Dr. Borlaug felt strongly that it is the key to meeting our obligation to feed a hungry world. Today the world uses about 40 percent of its land surface to produce the food we all consume. If we went back to the productivity levels that existed in agriculture in 1960, we would need to use 84 percent of the Earth's surface to grow enough food to feed the world today. When you consider that the world is predicted to have 9.3 billion people by 2050,

you begin to understand the increases in productivity we will need to feed the world while protecting our environment and actually reducing the resources we use for agriculture.

**Kristin Penn**, *Senior Director for Agriculture and Rural Economic Programs, Millennium Challenge Corporation*

The MCC's mission is "Poverty Reduction through Economic Growth." "Food security" is defined as "a situation that exists when all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life." The MCC's activities focus on economic access through economic growth so that people have the money to buy more and more varied foods. The MCC is investing in 12 countries in Africa and three in Central America that have food security issues but are on a path of good governance, are investing in their people, and have programs that will lead to economic growth.

The agency expects its country partners to develop their own proposals, implement their own programs, and establish the ability to continue to lead their own economic development efforts after an MCC compact ends. Countries can only become eligible if they meet criteria in three areas: "Good Governance," "Investments in Your People," and "Economic Freedom." An eligible country identifies its priorities and submits a proposal only after a "constraints analysis" and a broad consultative process that includes civil society. The MCC issues five-year grants. There are no earmarks on its funds. Proposals must show that they will provide a robust economic rate of return (ERR), include performance benchmarks to be met in each quarter, clearly identify beneficiaries, and demonstrate their ability to reduce poverty.

When the MCC asked countries what areas they wished to invest in, it was surprised that so many wanted to invest in agriculture. The organization had to hire new staff to respond appropriately to these requests. In the 19 MCC compacts signed so far, \$3.6 billion of the \$7 billion total investment will address significant agricultural development. This includes:

- \$2.037 billion in public infrastructure investments in roads and maintenance capabilities to better service rural, agricultural-dependent areas.
- \$714.5 million in public infrastructure investments in irrigation systems and maintenance capabilities to mitigate drought stress and support multiple-season cropping patterns and shifts to higher-value agriculture production.
- \$507.7 million in human development through technology transfer and nontraditional training methods to teach employable and entrepreneurial skills and know-how, especially among women and the poor.
- \$224.6 million in access to financing under commercial conditions for stakeholders of agricultural supply chains.

- \$231.9 million to improve property rights laws, public capabilities, and registration and title processes affecting land tenure, zoning, and access to water and other natural resources.
- \$27.9 million in applied research into more effective innovations in food and agriculture production and value addition.

Global food security will require investment in certain basic areas:

- Populations' skills and knowledge base.
- Backbone infrastructure such as roads, electrical power facilities, water supply systems, dry and cold storage systems, ports, and rail lines.
- A conducive environment that includes appropriate rural and farm policies; the elimination of legal, financial, and social barriers to property rights; harmonized tariffs; and a strong, rules-based global trading system.

Having approved \$3.6 billion in agricultural investments, the MCC has learned a few things about what can make those investments succeed:

- Up-front due diligence on the technical and economic discipline of an investment. In order to demonstrate to MCC's economists that a project will produce a robust ERR, a proposal must include references to international best practices and documented evidence that the specified activity, targeting the specified group of people, over the proposed length of time, will generate a sufficient economic rate of return. Those working in agricultural development need to become more dedicated to monitoring and evaluation in order to generate this kind of evidence for future projects.
- Established baselines among beneficiaries, so that monitoring and evaluating can compare planned against actual results.
- Attention to long-term sustainability, including the operation and management of infrastructure. Too often the MCC is presented with repaving projects for roads that were first paved only five years ago by the government or another donor.
- Adequate time for countries to build up their abilities to manage funds. Early on, the MCC projected higher levels of fund disbursements in a compact's first years and encountered countries that were not ready. Today, early in a country's eligibility the MCC helps its government learn to conduct the necessary technical analysis, manage contracts, and so on.
- Coordination with other donors. The MCC has done a particularly good job of coordinating with other donors on infrastructure investments.
- Transparency. All of the MCC's compacts, analyses, indicators, and updates are posted on the Web to keep everyone honest.

The MCC has also identified a number of areas that still need improvement:

- It is still hard to come by reliable evidence to validate the assumptions behind a particular technical approach, project an ERR, or conduct evaluations. To improve the availability of valid data, the MCC and others need to invest in countries' and regional organizations' abilities to produce reliable statistics.
- The MCC has good internal policy guidelines on environmental assessment, environmental mitigation, and gender equity. But it must implement those guidelines more effectively. Too often questions about environmental and social impacts aren't asked until late in the process. Environmental and social scientists should be involved early on in project design and appraisal.
- Not enough attention has been paid to the long-term management and sustainability (i.e., operations and maintenance) of irrigation systems. The MCC must invest in and audit the institutional management of water systems.
- As mentioned, in years past the MCC was too aggressive in its spending targets and output indicators during the early years of compact implementation. Now the MCC works to help countries begin building contract management capabilities earlier in their eligibility, so countries are more prepared to disburse funds at compact start-up.
- The MCC has not done such a good job of coordinating with other donors on "soft" agriculture investments.
- The MCC hasn't yet quite figured out how to work with the private sector. Private companies watch for the MCC's infrastructure procurements to fund construction work opportunities, but the MCC has not yet determined how to help companies capitalize on the new economic opportunities provided by that new infrastructure. It plans to begin promoting those benefits more heavily.

## **Discussion**

**Mr. Verdoorn** said that the MCC's focus on economic growth was an important path to better food security. A growing economy leads to better access to food.

**Mr. McPherson** said that while he agreed that measurement was very important, he worried that the MCC's five-year horizon could produce skewed results. How can one measure the return on investment of training a person who becomes an agriculture minister 20 years later? Congress has forced the MCC to work over too restricted a time period.

**Ms. Penn** said that the constraints of the five-year horizon and the requirement to show an ERR do guide what investments the MCC can and cannot make. The MCC has made some investments in tertiary education in Namibia and Mongolia, and in primary education in Burkina Faso. It would be interesting to see what those ERR models looked like. While the projects must spend their funds within five years, the ERR models extend over as much as 20 years. The MCC is also discussing the possibility of second compacts and regional compacts, although the authority to do either would require an act of Congress.

**Mr. Bereuter** noted that Congress was skeptical about the creation of the MCC, and many blunders were made in dealing with Capitol Hill initially. He said he hoped Congress could have enough patience to permit the MCC to show results, although Congress is not known for its patience. Some practical politics was perhaps needed in the choice of initial countries, even in violation of the MCC's rigid guidelines, because the MCC does need support and appropriations.

**Ms. Penn** agreed that just like USAID, the MCC lives and dies by its funding streams, and there is no more of a wakeup call than having one's appropriation cut significantly. The MCC had to reexamine its implementation process, and she said she was pleased to report that the MCC did meet its 2009 disbursement targets. It took that shakeup to get the MCC to change the way it disburses funds to countries.

**Mr. McPherson** said that that speeded-up disbursement is actually a problem. Those who have done development work for many years know that one is frequently better off not disbursing funds too fast.

**Mr. Verdoorn** said that while the United States is on the verge of significantly increasing its investment in agricultural development in developing countries, it must also encourage developing countries to increase their own investments in agriculture. In sub-Saharan Africa, for example, countries invest an average of only 4 percent of their GDPs in agricultural systems, even though agriculture is the biggest part of their economies.

**Dr. John Sullivan**, ACVFA Chairman, noted that Mr. Verdoorn called an economic climate not conducive for business one of the major impediments to agricultural development program success. He asked how that reality factored into the MCC's approach. What does the MCC ask countries to do to improve their business environments?

**Ms. Penn** said that the MCC can negotiate with countries about policy and legislative reform in areas that it feels could impede the success of investment. In some cases the MCC has tied disbursements to specific changes in policies, as, for example, in Lesotho, where it tied disbursements to changes in inequalities in landownership.

**Helene Gayle** said that all of the issues in development are interconnected: issues of population growth and climate change, for example, affect agricultural development in obvious ways. Focusing on women provides an opportunity to help them think about their reproductive health. She asked how panelists thought those working in agricultural development could do a better job of making those links.

**Mr. McPherson** agreed that issues overlap. Unfortunately, the Washington allocation process tends to separate them. One important step to correct that would be to give host countries a greater voice, to take advantage of the greater likelihood that countries would make recommendations based upon their whole situations. Outside of the MCC, countries have very little say in what programs are designed for them. There should be a presumption that what a country says it needs is what the United States tries to do, although that presumption may be rebutted. In addition, there should be a development professional in charge of all the development work on the ground, reporting to the ambassador and to Washington, which is not the case in most countries presently.

**Mr. Verdoorn** added that he did not mean to suggest that agricultural productivity can't keep up with population growth. Technology continues to be developed that allows us to do more with less energy, water, and fertilizer. He also noted that USAID and other agencies are now highly cognizant of environmental sustainability issues and issues of women's empowerment, and take them into account in their agreements.

**Stephen Moseley**, ACVFA member, asked what lessons should be drawn from the last five years of experience with the MCC and other agencies as the United States develops new policy through the QDDR.

**Mr. McPherson** said that he'd recently written an article in *Foreign Affairs* with two other former USAID Administrators, Andrew Natsios and Brian Atwood. That article argued that all these development agencies should be tied together in some way: the chair of the MCC's board should be the USAID Administrator and PEPFAR should also be related to USAID. Further, USAID could report to the Secretary of State but be substantially independent. It is extremely important to give USAID independence. It is okay for USAID to report to the Secretary—but to the Secretary only, and the Agency must have an independent relationship to the Office of Management and Budget. One cannot have a coherent agency without a policy office, and that's been taken away. When he was Administrator, Mr. McPherson said, under the law he reported to the President directly, but went to see Secretary Al Haig first and asked to report to him and attend his morning staff meetings. When George Shultz replaced Haig, Mr. McPherson had a similar relationship with him. There were days when Secretary Shultz was very happy not to have direct responsibility for USAID—for example, on some family planning issues. On one occasion during the Ethiopian famine, USAID sent a photographer to take pictures of the food other donors were failing to unload and

then showed “copies” of the pictures to the other donors’ ambassadors, as a way to exert pressure on the donors to demand action from the Ethiopian government. It would have been very difficult to have worked this way as part of the State Department. An independent USAID would enable and strengthen Secretary Clinton, and her Administrator would be just as loyal to her, Mr. McPherson said, as he was to Secretaries Haig and Shultz. McPherson noted that Secretary Clinton feels deeply about development issues and that he hoped something could be worked out.

**Carla Stone**, an international development and technical assistance consultant, noted that she hadn’t yet heard anything about China, now one of the biggest investment powerhouses in Africa and Afghanistan. She asked how panelists view China’s role as an investor in food security.

**Mr. Verdoorn** agreed that China has become a much more significant player as a donor and an investor. China is investing in ways that advance its strategic self-interest, much as the United States does.

**Mr. Bereuter** noted that child malnutrition has fallen dramatically in China. Much of China’s investment in Africa is in infrastructure for resource extraction, largely built with Chinese labor. There may be a backlash against that soft power. It is too bad that the United States cannot coordinate its infrastructure investments better with China’s.

**Mark Bennett** quoted a faith-based leader who said “The human being should be the center of development.” He asked how development projects can be monitored to evaluate how well they meet human needs rather than how well they contribute to infrastructure and economic growth.

**Mr. Verdoorn** agreed that evidence relating to human needs is too often left to anecdotes. What is meaningful to the farmers who make up Land O’Lakes is the impact development programs have on families’ lives. They want to know that their investments help families eat better and send their kids to school.

**Ellen Levinson** asked how agencies can make sure host countries are making their own, real financial commitments to development. The MCC, which has thresholds for countries even to be considered and monitoring requirements to continue the flow of funds, can ensure a certain minimum commitment. But can other agencies do the same? When we call for “country-driven” processes we must recognize that countries are peoples, not just governments, and governments are often barriers to their people rather than aids.

**Mr. McPherson** replied that U.S. government programs must have the ability to say “no.” In dealing with government officials one can get a sense of whether they really have the intent and ability to meet the commitments they make. If the person running a U.S. program doesn’t believe that they do, he or she should be

able to turn them down. That's why "country-led" should be a presumption, but one that can be rebutted.

**Ms. Penn** added that discussions to prepare for the President's new global food security initiative have often touched on which countries are ready for larger investments in agriculture. The investment process will in fact likely contain triggers. For example, countries may need to demonstrate that they have policies in place that will enable agricultural growth or that they are increasing their investment in the agriculture sector—CAADP is promoting a goal of 10 percent of government spending in agriculture.

**Mr. McPherson** said that this used to be called "conditionality." USAID used to have to give money to countries for political reasons. Hopefully there are fewer such political requirements now, so USAID may be more able to walk away from investments in countries that would prefer not to meet its conditions.

**Ms. Penn** said that a country-led process can be quite meaningful if it carries out the right procedures—especially the type of broad consultation the MCC requires. It takes time to do that kind of consultation. One needs to go outside the capital and document what one finds. But such consultation ensures that the plan presented to the MCC actually represents what people feel can spur economic growth in their country.

**Mr. Bereuter** said he believed the MCC did an excellent job of that kind of consultation in Mongolia.

**Judith Lahai-Momoh** of Saving Lives through Alternate Options asked that as panelists try to design country-led processes, they not forget about emigrants who now live in America. Governments change often and ministers can have very biased interests. Those who have emigrated often have a lot of say in what happens in their countries of origin. It is also imperative to work with NGOs in the countryside, because the governments don't always have the interests of little people at heart.

**Ms. Penn** agreed that the MCC and others should do a better job of incorporating voices from the Diaspora.

The committee adjourned. **Dr. Sullivan** announced that the next meeting will be in February.