

UNITED STATES GOVERNMENT

# Memorandum

TO : TA/AGR/ESP, Dr. Lehman B. Fletcher

DATE: March 24, 1975

FROM : TA/AGR, Leon F. Hesser. *LFH*

SUBJECT: Comprehensive Review of the 211(d) Grants in Agricultural Economics -  
Iowa State University, Cornell University, Michigan State University  
and University of Minnesota

Attached is the Team Report on the subject grants. Your attention is especially requested concerning the recommendations for revisions/extensions of these grants.

## Review Team Members

### Iowa State University

Donald Anderson, TA/AGR/ESP, Executive Secretary  
Charles French, Purdue University  
Donald Goodwin, Consultant  
James Hoath, PPC/PDA  
Raymond Kitchell, AA/TA, Chairman

### Cornell University

Lehman Fletcher, TA/AGR/ESP, Executive Secretary  
Charles French, Purdue University  
Donald Goodwin, Consultant  
Leon Hesser, TA/AGR, Chairman  
James Hoath, PPC/PDA

### Michigan State University

Lehman Fletcher, TA/AGR/ESP, Executive Secretary  
Charles French, Purdue University  
Donald Goodwin, Consultant  
Leon Hesser, TA/AGR, Chairman  
James Hoath, PPC/PDA  
Kenneth Sherper, AFR/DS

### University of Minnesota

Lehman Fletcher, TA/AGR/ESP, Executive Secretary  
Charles French, Purdue University  
Donald Goodwin, Consultant  
Leon Hesser, TA/AGR, Chairman  
James Hoath, PPC/PDA  
Kenneth Sherper, AFR/DS



COMPREHENSIVE REVIEW OF THE 211(d)

GRANTS IN AGRICULTURAL ECONOMICS

Iowa State University

Cornell University

Michigan State University

University of Minnesota

March 24, 1975

## TABLE OF CONTENTS

### I. INTRODUCTION AND BACKGROUND

- A. Grant Objectives
- B. Problems with Measuring Performance
- C. Current Demand for Services
- D. Changing Directions of AID

### II. OVERALL PERFORMANCE

- A. Staff Development
- B. Graduate Training
- C. Research
- D. Talent Sharing
- E. Cooperation/Collaboration Among Institutions
- F. Allocations - Optional Uses of Funds

### III. APPRAISAL OF INSTITUTIONAL RESPONSE CAPABILITY

Iowa State University  
Cornell University  
Michigan State University  
University of Minnesota

### IV. FEASIBILITY OF 211(d) GRANT MECHANISM AND ALTERNATIVE MODES

- A. The Issue of Objectives
- B. What We Have Learned
- C. Where are the Common Interests of the Universities and AID?
- D. Alternative Modes of Collaboration by AID and the Universities
- E. Multi-University Approaches

### V. RECOMMENDATIONS

## I. INTRODUCTION AND BACKGROUND

In the late 1960's the U.S. Congress and the Executive Branch, with support and encouragement from the academic community, undertook a new venture to improve and increase the capacity of U.S. universities in international development. Section 211(d) was introduced in the Foreign legislation in 1968 and became the basis upon which five-year grants were made to a number of faculties and colleges. Recently, AID has reviewed the entire 211(d) program and issued PD-62 reaffirming its importance, authorizing extensions under certain very special circumstances, and requiring a formal on-site evaluation before any such extensions can be considered. This report represents the findings of the on-site review team evaluating the 211(d) grant programs in agricultural economics at Iowa State University, Cornell University, Michigan State University and the University of Minnesota. Two other institutions have received grants in agricultural economics but are only in the third year of their programs and were consequently not evaluated at this time.

The Evaluation Team, consisting of AID personnel and outside consultants, followed a three-pronged approach: 1) evaluation of development and accomplishment of the institutions in terms of the objectives of the grants; 2) analysis of the existing capabilities of the institutions to respond to requests from AID, other donors, and developing countries for utilization of their capacities; and 3) appraisal of the cooperation and relationships among AID and the 211(d) grantee institutions and other U.S. academic institutions involved in agricultural economics resulting from the 211(d) grant mechanism.

The evaluation findings are based upon specific quantitative and qualitative information (for comparative analyses) summarized from the annual reports and team discussions with university personnel.

The Team is most appreciative of the time and responsiveness of the four institutions and of the staff support work of the Division of Economics and Sector Planning of TAB/AGR.

### A. Grant Objectives

The 211(d) grants in agricultural economics presently under review were awarded by AID between May 1970 and July 1970 in the following amounts:

Iowa State University	- \$775,000
Cornell University	- \$240,000
Michigan State University	- \$625,000
University of Minnesota	- \$800,000**

---

\* The original grant agreement was for \$375,000, terminating June 30, 1975. However, in February 1973, the grant was amended and an additional \$400,000 was provided to fund a sector analysis program in Thailand.

\*\*Termination date can be extended to September 30, 1975 without additional funding.

The purpose and objectives which the aforementioned institutions agreed to and which are stated in the original grant documents are as follows:

1. Purpose

- a. "These Institutional Grants, made by AID under authority of Section 211(d) of the Foreign Assistance Act of 1961 as amended, are among several intended to develop and strengthen the competence of cooperating universities in the field of agricultural economics as it relates to the problems of developing countries, and to increase their ability and the ability of significant numbers of their staff to contribute to the solution of these problems."
- b. "There is a growing need for skilled analytical work on agricultural sector problems in the less developed countries as agricultural production increases, movement is generated toward a market-oriented system, and decisions are required concerning possible alternative uses of resources. Many of the developing countries are unable to do the analytical work needed for appropriate decisions on these matters and to assess the effect of their decisions on the economy as a whole. They need and want skilled professional advice and assistance in developing their own capabilities for this type of analysis."
- c. "These requirements can be met in part by increasing the agricultural economic capability of certain universities which have been active in the international field, and by developing a group of agricultural economists in these universities who will maintain a continuing interest in the problems of the less developed countries, who will acquire some practical experience in dealing with them, and who will be provided reasonable assurance that their activities in their field will receive continuing support."
- d. "AID has a substantial interest in strengthening the capability of institutions which are able and willing to assist in these areas, and increasing their competence and expertise by providing opportunities and incentives to members of their professional staff who are interested in devoting a significant part of their career to work on agricultural development in the less developed countries. Recognizing that the accumulation and dissemination of knowledge concerning these problems will be of benefit to the development process, AID wishes to encourage research in this area and the publication, dissemination and use of these results."

- e. "These universities, considering that agricultural economists who devote a portion of their careers to dealing first-hand with practical problems of agricultural development will, thereby, strengthen their professional competence, undertakes to facilitate their acceptance of assignments with AID and other development institutions. Recognizing the enhanced contribution that individuals with this type of experience can make to both teaching and research, these universities will make every effort to provide them appropriate assignments upon their return to campus."
- f. "AID and the universities recognize that participants in these arrangements will have a natural community of interests and that the individual and collective effectiveness of the group will be increased by a continuing interchange of ideas and insights growing out of their experience. AID and the universities will endeavor to promote such interchanges through conferences, workshops and other appropriate arrangements. The participation of other professionals interested in agricultural development in the less developed countries will be encouraged."

## 2. Objectives

"The grants made to several selected universities in furtherance of the purposes stated in Section I have common objectives. The first of these objectives, which are listed below, will require continuing cooperation among the grantee universities and between them and AID.

- a. To create a framework within which a significant number of U.S. agricultural economists interested in the international aspects of their discipline can work cooperatively on certain research problems of urgent importance to developing countries thereby increasing the effectiveness of their efforts, and making the most efficient use of scarce research resources; to provide an efficient means for applying the product of this research in a way which will be helpful to the developing countries; and to contribute to the development of professional contacts and collaboration among agricultural economists in the United States and in the developing countries.
- b. To increase the competence of the universities in the area of economic development problems, particularly as they relate to the agricultural sector and the relationship between agriculture and other economic sectors, by providing a continuing arrangement for faculty members to conduct research on campus and abroad and to carry on work in developing countries.

- c. To enable the universities to provide increased training in economic development and agricultural economics at the graduate level for students from the U.S. and the developing countries.
- d. To provide members of the university faculties the enriching experience of dealing directly with problems of agricultural development in the less developed countries by arranging for them to serve with AID in capacities which will contribute to the development of their professional skills and to their understanding of how to accelerate agricultural growth in less developed countries and deal with the practical problems involved in the process."

#### B. Problems with Measuring Performance

Since the 211(d) program in agricultural economics began, several problems associated with measuring the performance of the grantees have evolved. The central issue faced by the Team is: How can performance of the grantees be evaluated without some kind of yardstick by which to measure their progress? The grants contained no specified levels of performance which the grantees were expected to attain. Quantitative indicators are lacking with regard to expectations for increasing the core staff committed to teaching and research activities associated with the problems in LDCs, as well as with regard to increasing the proportion of foreign graduate students to the total in agricultural economics and to utilizing faculty and advanced graduate students in performing services by LDCs in agricultural economics. This made the evaluation process difficult. However, these broad program elements are useful and essential points around which our inquiries and judgments were made about institutional development and accomplishments within the overall framework of these 211(d) grants.

In the absence of specific performance standards for each of the criteria, the Evaluation Team, in effect, had to evolve a sense of reasonable standards as the evaluation developed. The methodology employed was (1) to follow-up on and participate in a series of discussions among the 211(d) grantee institutions and AID, a dialogue which had been initiated in late 1973 by the TAB/AGR's Division of Economics and Sector Planning; (2) to draw up issues and questions based upon reviews of the grantee reports; (3) to meet and discuss with regional bureau and staff office representatives in order to discern their needs for assistance in agricultural economics and sector planning and understanding of the 211(d) grant mechanism; and (4) to visit the grantee institutions to review the issues and questions and discuss first-hand the implications of AID's modified direction for new grants and extensions under the 211(d) authority (see Policy Determination, Attachment A). [The Team also considered seeking information from other (not all) U.S. institutions which have excellent programs in agricultural economics but which have not received 211(d) grants. However, time was not sufficient to carry out this step.] This approach is similar to that used in the evaluation of other 211(d) grants, and we believe it is adequate given the absence of agreed upon specific output objectives and evaluative criteria.

### C. Current Demand for Services

An increasing demand for the services of agricultural economists, for both long- and short-term assignments, is evident throughout the regional and technical bureaus of AID. The need for agricultural economists with skills relevant to the development of the agricultural sectors in developing countries applies equally to AID direct-hire staff and consultants and to host-country nationals. As more developing countries begin to place an increasing amount of emphasis on the development of their agricultural sector in relation to overall rural and economic development, the demand for agricultural economists will continue to increase.

A survey of the regional bureaus and TAB of the current and projected demand for experienced agricultural economists which AID will need over the next two years produced the following results:

1. At least 50 new U.S. agricultural economists will be needed to perform agricultural sector analyses, assessments, project design and evaluation assignments in Latin America, Asia and Africa.
2. Of the total number of agricultural economists needed, about 20% will be utilized in AID/Washington.
3. The breakdown by region and by assignment duration (long-term and short-term) is as follows (in man-years):

#### Additional Agricultural Economists Required for New Proposed Projects

	<u>*FY 1975</u>		<u>*FY 1976</u>	
	<u>Long-Term</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Short-Term</u>
Near East & South Asia	22	8	20	11
East Asia	12	18	12	16
Latin America	12	20	14	20
Africa				

\*Estimated data.

From the above data one can readily ascertain that the need for agricultural economists in AID, as assessed by each of the regional bureaus, is critical. In seeking to meet this need AID turns naturally to U.S. universities. They are the sole source of trained manpower which can be mobilized to meet the pressing requirement of developing countries in the agricultural sector. The university professional staff, with their knowledge

and techniques, are essential resources if the U.S. is to respond effectively to the needs of the LDCs. The 211(d) program in agricultural economics has been seen as an integral part of the Agency's continuing effort to ameliorate the chronic shortage of trained and experienced manpower as well as to increase and expand knowledge in agricultural economics with a developing country focus. In light of these needs, the 211(d) program must focus more sharply on expanding the manpower base for the developing countries, AID, and other assistance agencies, and in making the university competence available for use on LDC and AID problems.

#### D. Changing Direction of AID

New 211(d) grants are explicitly designed to build response capabilities; utilization of these capabilities is inherent in the grant purpose. This important modification in the 211(d) program involves more purposeful use of the grant instrument to support and accelerate the problem-oriented approaches mandated by Congress for implementation by the Agency.

In the extension and revision of existing 211(d) grants, the Agency now considers "utilization" as a key factor upon which decisions will be made, whatever the original design and purpose of the grants. The term "utilization" is used in a broad sense to refer to on-campus services such as training and basic research, collaborative research with LDC and other U.S. institutions, and both short- and long-term overseas services whether funded by AID, other donors, or the recipient country itself.

The Team suggests that the new 211(d) emphasis and process may not be the best and certainly not the sole instrument to meet the need for expertise and knowledge in the economics of agricultural and rural development. A combination of instruments may prove useful and provide more flexible and effective access to the best talent in the universities.

## II. OVERALL PERFORMANCE

### A. Staff Development

One of the major objectives of the 211(d) grants is to provide faculty members of the grantee universities opportunities to contribute increasingly to the identification and solution of problems in agricultural economics which the LDCs face. As the agricultural economists in these institutions increased and expanded their expertise and capabilities, AID, it appears, envisaged that a core group in each institution could be identified and made available to help developing countries and donor agencies meet their immediate and long-term demands.

In assessing the performance of the grantees with regard to staff development, it is the Team's observation that a group of economists, somewhat larger than before the 211(d) grant, can be identified at each university devoting a substantial amount of time to problems in agricultural and rural development. (While there have been increases and expansion of

staff time and involvement, it is not entirely clear that the 211(d) grant was the primary cause--although it is quite evident that it has been a major factor.) The four institutions have used the 211(d) instrument similarly although not always to the same degree. In some instances, faculty from other disciplines have been encouraged to participate. In others, a greater use of postgraduate students has been employed. In all cases, faculty resources committed to the economics of agricultural development has increased. An important reason has been the increase in the number of foreign graduate students, as well as U.S. students, wishing to specialize in the field.

In the review, the institutions pointed out that their staff members are all heavily committed to teaching, research, extension and student advisory services. In addition, individual faculty members--and in several instances the departments involved--have ongoing advisory services or research contracts often financed by AID which add to the commitments of time, but which also enhance their capacities, and, therefore, make them even more attractive for more calls for service and utilization.

In summary, it is the Team's observation, based upon the factual information received and through the discussions and campus visits, that each grantee has developed or maintained a competent staff component that devotes a substantial amount of time to work associated with agricultural rural problems in economic development, especially those problems related to developing countries. The utilization and response capabilities of these staff components, however, are still limited and differ among the institutions. While some may be able to respond to a small number of specific requests, utilization will essentially have to be based upon negotiations for individual staff members' time or a commitment for a portion of the faculty's total time within the context of existing workloads, including other competing demands, and especially from domestic activities.

#### B. Graduate Training

The Agency for International Development continues to emphasize that the single most important role for American universities is the education and training of nationals of the developing countries. This education and training function, in order to be focused on the key problems of economic development, needs to be related to and involved in development processes of the LDCs. Undoubtedly, in the view of the 211(d) institutions, which is concurred in by the Evaluation Team, the 211(d) grant made possible an enhancement of the quality of education and training by offering opportunities for graduate research and for faculty counselling on that research to be performed by students in developing countries on LDC problems rather than in the United States on U.S. or simulated problems. Actual faculty member experience in developing countries has increased their understanding and capacity, has made course work and the counselling of students more relevant and has opened up avenues for further research. In addition, these faculty members are--or should be--available for consultation with

host national and donor personnel in the areas of their specialized knowledge and interests. Also, the training function has brought more staff into meaningful relationships with development problems and widened the staff base for possible AID needs.

With regard to the actual performance of the four 211(d) universities under review, the Team observed that each increased the proportion of foreign graduate students to the total number of graduate students in their graduate programs. Foreign students represent from 33% to 50% of the total number of students pursuing graduate programs in economics and/or agricultural economics. The Team noted that this percentage increase came primarily from the initiative of the universities rather than from AID's Office of International Training which, up to the past year, had apparently not made any particular effort to place participants in these institutions. The Team also found that each of the schools has significantly strengthened the international development component of existing courses, and, in addition, offered new courses in economic development. Both undergraduate and graduate programs have been influenced.

The Team feels that with respect to graduate training each of the universities has clearly demonstrated its commitment and concern for the problems of development through their courses, their support for foreign graduate students, and their encouragement of overseas field research for their graduate students.

Mechanisms other than 211(d) grants might have been used to accomplish these improvements in quality, but in the absence of more imaginative approaches in the employment of other processes, the universities have come to rely upon the flexibility permitted by the 211(d) grants.

### C. Research

As already pointed out above, the 211(d) grants in agricultural economics provided the university faculty and graduate students interested in problems of agricultural development in LDCs the opportunity to conduct research both on campus and abroad. The 211(d) mechanism quite likely has been a lubricant because of the flexibility it affords in faculty and student travel, and in the use of interdisciplinary faculty.

While it provides flexibility, it may not be the best instrument if the output desired is the research product and the amassing of data and information on a particular topic. AID, it seems, was hopeful that as a by-product of the 211(d) grants, a critical mass of information would be acquired and, therefore, be of use to it, other donors and the LDCs on agricultural development. It seems to have envisaged the possibility of cooperative research among the several institutions which would have offered significant breakthroughs. The universities, though they differ somewhat, mainly emphasize research as part of graduate education and training; the training of students in research methodology is often as important as research results. Because of particular interests of some faculty advisors and, in

some cases because of other research and advisory service contracts, 211(d) funds have sometimes been used to support graduate study in areas which are of particular interest to AID. The Team feels that this was fortuitous and not necessarily the direct result of the 211(d) grant. The research programs in most instances could have been better coordinated, more sharply focused and more germane to AID's priority problems in developing countries had there been more interaction and more planning by AID and the universities.

Generally, the Team regards the individual research products which have been financed by the 211(d) grants as good quality research. Thus, there are now a larger number of graduates--many from developing countries--capable of doing research in key problem areas of agricultural economic development. How to tap this expanded manpower resource should be of concern and interest to AID and other donors but especially the LDCs. The Team can understand the interest by AID in developing more in-depth understanding through research on topics of particular interest. The 211(d) grant funds can undoubtedly continue to be used to complement contracts and other approaches, but the Team feels 211(d) funds probably should not be the primary means. The Team definitely supports the necessity for greater in-depth research, including the desirability of the multidisciplinary approach to problems in agricultural development, and accordingly encourages the continued use of 211(d) grants as supplementary support to such research. The output generated from research contracts with the 211(d) institutions has been enhanced and improved because of the presence of the grant. Better planning and use of research contracts and research under 211(d) grants undoubtedly would have brought even better results.

#### D. Talent Sharing

In the original 211(d) grant agreements, there is a provision which specifies that the grantees will arrange for members of the faculty to serve with AID in capacities which contribute to the development of professional skills. Each university made a commitment which further specified the number of man-years it was to provide AID for long-term assignments. Only one university has fully complied with its talent sharing commitment to AID. It was not at all clear to the Team the extent to which discussions altered the understanding of the commitments and the degree of their fulfillment.

There is a critical need for competent agricultural economists in AID. The talent sharing agreements were and still are considered an integral part of the staffing needs of the Agency for International Development. Without this component, it is very difficult to pursue effective, coordinated direction and study on problems given high priority by AID. The merits and short-falls of the talent sharing arrangement have been discussed at length with each of the grantees. Whether or not the 211(d) grant mechanism is the best device for the talent sharing objective is debatable--the point is that there was a commitment made by each grantee university.

The Team feels that the universities and AID must be more imaginative in the use of the talent sharing mechanism, the types of assignments the arrangement generates, and the use of a variety of staff members, often without tenure. The Team particularly feels that the assignments generated through talent sharing must promote creativity and provide stimulating and challenging work for the faculty participants.

In general, the Team feels the talent sharing arrangement is a necessity to AID; however, it also sees the need for the grantees to explore the possibilities of using additional grant funds to expand their younger, non-tenured staff components, which would free senior and mid-career staff elements for talent sharing arrangements. AID must also develop talent sharing assignments which augment the professional career interests of the university staff members involved. In other words, more discussions are needed if AID and the universities are to have suitable, flexible arrangements through which talent can be shared for the good and benefit of all parties.

#### E. Cooperation/Collaboration Among Institutions

The 211(d) grants in agricultural economics were expected to encourage cooperation/collaboration among the university recipients of these grants, universities outside the grant program, LDC institutions, and AID and other donor agencies. The problems in economic development are as varied as the institutions which attempt to find solutions to the problems. Cooperative/collaborative effort by the grant recipient universities could contribute to the individual efforts being made by other institutions towards the pervasive goal of bettering the quality of life in LDCs.

Cooperation/collaboration among the recipient universities proceeded at a slow pace over the first three years of the grants. In the fourth year, however, AID felt that it should initiate discussions which would bring the universities together in the spirit of cooperation/collaboration. AID felt that the universities should be collaborating on research, exchanging students, and, in general, communicating with other grant recipients. The discussions which have taken place over the past 18 months have stimulated communication between the grant recipients and AID and among the universities themselves. The grant recipients recognized the positive aspects that a cooperative/collaborative effort among them can foster. It has also been suggested that a mechanism patterned to some degree after the Research Training Network (RTN) could be useful as a means of exchanging ideas and knowledge pertaining to problems in economic development. The grant recipients had some imaginative cooperative and collaborative arrangements with other institutions often superior to anything which appeared to be sponsored by the 211(d) grants. A great deal of work needs to be done if AID expects to be the catalytic and facilitative agent and serious questions need to be considered in determining if AID could and should have such a role.

The International Panel was conceived of by AID as a means of drawing the separate grant activities at each university into an effective, coordinated program. The Panel, made up of volunteers from each university, would be responsible for coordination and planning among the grantees. This would reduce duplication in grant research activities and improve the information/communication network among the grantees. It would insure that areas of importance, which were not being addressed by any of the grantees, could be properly identified and research activities promptly initiated. The International Panel was never established and therefore the activities it was to pursue have not fully materialized. Some efforts, however, have been made to share information gained from research activities, teaching methods, etc., with the other grantees.

The Team feels that AID should have taken the initiative in organizing and setting up the International Panel and other less formal coordinating arrangements with the universities. It feels that the failure of the Panel to materialize can be attributed to the lack of leadership and direction provided by AID. An effort is now being made by AID to exercise leadership but not necessarily to create the Panel. More discussions are planned in the near future so that the cooperative/collaborative framework which AID envisaged in the grant planning stages can be realized.

Past efforts to cooperate/collaborate can be stated as relatively inadequate; however, it is envisaged that present and future efforts along these lines will prove more fruitful based upon expressions of interest on the part of the grantee institutions and the positive attitude and initiatives of TAB/ESP.

#### F. Allocations -- Optional Uses of Funds

Each grantee institution used the grant funds somewhat differently. All put great emphasis on graduate education and graduate research to the point that all seemed to indicate that this aspect was the most important element of the grants. Increased communication and guidance by TAB/AGR might well have established other priorities.

It is speculative for the Evaluation Team to comment on what might have happened if the funds had been allocated differently. We wondered, for example, if all of the departments might have increased their staff by at least two in economic development for the five-year grant period with a commitment that these be tenured positions thereafter. Might there have been greater use of postgraduates to augment the work of the full-time and seemingly overtaxed faculty members already specializing in and committed to economic development? Could salaries saved from talent sharing have been allocated more directly in support of the university's economic development programs? Were grant funds adequate to permit what AID expected—though did not clearly define—with regard to talent sharing, research, increased capacity, etc.?

In retrospect it is quite likely that AID's expectations, although not clearly articulated and certainly not uniform among TAB and the regional bureaus and missions, differed markedly from those of the several grantee institutions. A natural tendency exists for an action agency to want measurable results and for the universities to want freedom to exercise their best independent judgments (these are not either-or but are in a range of differences). Thus, it is not unusual that there would be differences on how the grant funds might best be allocated. Perhaps what is remarkable is the degree of similarity in the uses by the grantees, and probably what needs to be explored more closely by AID and the universities are the reasons for the few differences in allocations that were found.

The Team was also made acutely aware of the perishable nature of the capabilities that the 211(d) grants have created in the four institutions. The universities are under pressure from domestic demands for services and budget constraints and limitations which suggest that the capabilities and the focus provided by the grants will be difficult to maintain without continued support by the Agency. AID should carefully consider this problem when discussing the future of the grants or the employment of other AID funding instruments.

### III. APPRAISAL OF INSTITUTIONAL RESPONSE CAPABILITY

The original 211(d) grants emphasized the development of capabilities and centers of excellence. Aside from "talent sharing", there were no specific provisions regarding services the universities were requested to provide to AID and other donors. The rationale of the grants, however, looked toward the application of university capabilities in problem-solving work related to developing countries. Thus the evaluation, as pointed out in the introduction, considered not only the accomplishments under the grants but also the use of the grantees' capabilities in responding to AID, LDC and other international donor needs. The focus on institutional response capability was made explicit during the evaluations as a condition for possible grant extensions.

At each institution, institutional response capability was defined in the following way:

1. To assist AID, other donors and LDCs in Problem Identification and Analysis;
2. To contribute to Program and Project Design for LDC problems;
3. To participate in Project Service in:
  - a. Education and Training
  - b. Research
  - c. Advisory Services
4. To assist in Program and Project Evaluation and Implementation.

Discussions focused on the meaning, willingness and ability of the universities to respond to the needs of AID, other donors, and LDCs in the several categories identified above. The discussions focused primarily on AID's needs and, to a much lesser extent the requirements of LDCs, with only limited mention of the probable needs of other donors. In general, the universities have relied primarily upon AID funding for international work and to a lesser extent upon funding support from foundations and other donors. Yet because of lengthy involvement in international development in some instances and recent involvement through graduate student training in other cases, the potential demand for services and the interests of the faculty members themselves exceed the scope and geographic interests in AID. The universities show increasing concern about how they can respond to requests or maintain contacts in a wider range of countries than those that receive AID assistance.

Some university participants involved with AID in research contracts seemed to be aware of AID's logical framework but others did not, and time was not taken to describe it fully. Considerable discussion did occur in each meeting on utilization with the majority of the conversation centering upon advisory services. It is evident that there is still ambiguity about the meaning of utilization. Mr. Kenneth Sherper of the Africa Bureau, who participated in one of the evaluations, provided a regional bureau's view of utilization. His comments are incorporated into this report as Attachment B.

The view of the Evaluation Team on utilization is that a clearer understanding will emerge provided that:

- 1) AID and the universities explore in more definitive terms AID's requirements and the universities current resources and capabilities;

- 2) AID explores the relationship and use of the grant instrument in concert with other possible approaches to develop response capabilities. AID should consider the present capabilities and determine the extent to which AID support might be given to maintain them and to utilize them through extension of the grant.

The Team's assessment of each grantee institution's capabilities to respond to requests for services is contained in the pages that follow. For supporting data on faculty, training, research and curricula, refer to the attachments which constitute collections of materials obtained in conjunction with on-site visits to the universities and which are on file with the technical office.

All of the institutions presented evidence of the interest of the leadership of the university in economic development work and a commitment by the university to continue to give emphasis to foreign agricultural development work. As pointed out in Section II, curricula have been expanded, numbers of graduate students from LDCs have increased, faculty time for development work has increased, and in some instances, the number of tenured

faculty positions increased. We point out this top-level support because it continued at a time when domestic problems have intensified and budget pressures have increased on state institutions, both of which can impede work that is focused on the problem of developing countries. It is the Team's judgment that the universities' commitments to international work continues, but that support is required in addition to, not in lieu of, support for domestic work. The historical and budget directed domestic focus of the universities offers great challenge to AID and the universities in addressing their mutual goals of enhancing the universities relevance and involvement in international development.

#### OVERALL SUMMARY FINDINGS AND CONCLUSIONS

1. Although the capacities of the 211(d) grantee institutions have increased during the term of the grants, they still have only limited ability to respond readily to AID utilization requests.

The period of the grant, in general, has been used to expand curriculum, increase the number of graduate students, increase the number of faculty involved in international development, and make graduate study and research more relevant to development. AID already is drawing upon these capacities through research and advisory contracts and talent sharing. If additional requests are placed upon the grantee institutions, they need to be carefully orchestrated to assure that the on-campus work is adequately covered. Timing, flexibility, and continuity in arrangements are particularly important.

2. The interest of the university administration in international development work is high and receptive.

The grantee institutions are primarily state supported and in varying degrees their budgets are scrutinized carefully by the state legislatures. Priority attention is most often given to domestic needs. Yet we found that the universities have, in the main, been successful in obtaining favorable understanding for the conduct and even expansion of international work. Iowa, for example, realizes that the state has products which are marketed worldwide. But given the domestic economic and financial problems, there is a natural reluctance to provide for staff increases at all; the last claimant for tenure, the international faculty member, may not be easily fitted into the normal departmental budget. AID should continue to find ways to provide supplementary support to these institutions.

3. AID offices differ markedly in their knowledge and understanding of the original purposes of 211(d) grants, and the work, programs, capacities and potential of the 211(d) institutions.

In the past year, TAB/ESP has made a good start in increasing communication among the institutions and AID offices. Additional effort is warranted. Cooperative and collaborative endeavors should be expanded to include additional academic institutions with capacities in economic analysis directed towards agricultural and rural sector analyses and planning.

Iowa State University

Summary Findings and Conclusions

The Department of Economics of Iowa State University has expanded its commitment to and its knowledge and expertise in areas of agricultural economics in developing countries in the past few years. It is clear to the Evaluation Team that the grant was catalytic in increasing the size of the core staff for development economics, and that support and supervision of graduate student research were primary uses of grant funds by the Department. There was also a demonstrable increase in the portion of time that staff members in the Department devoted to the economics of agricultural development. The 211(d) grant supplement to ISU for sector analysis in Thailand was an important utilization of ISU capabilities drawing upon 211(d) trained graduate students and staff for professional talent.

Full-time tenured faculty of the Economics Department numbers 23 and supporting non-tenured faculty presently is 15. The percentage of time devoted by the faculty to economic development work has more than doubled over the grant period. Even though the number of graduate students only increased slightly (from 176 to 180) over the grant period, the foreign student component of the total rose significantly (from 61 to 83).

The Department has been especially successful in agricultural sector analysis and in research on employment and income distribution questions. They also have faculty and graduate student interests in marketing, trade, water resources, and diffusion of technology. The increased knowledge base and the number of graduate students and Department professors should be of greater potential usefulness for AID, developing countries and other international institutions. However, the Team believes the Department, with its present and projected commitments in domestic and overseas programs and projects, could not readily undertake additional or expanded activities without adversely affecting performance in present activities.

The Department has an imaginative program for sponsoring overseas research of its advanced graduate students, involving staff and student travel and actual exposure to LDC problems for research. With a strong rural sociology faculty already involved with AID under a separate contract to identify social indicators of development, it seems that the rural sociology and agricultural economics faculties of ISU and AID offices should have maintained closer integration of the work in their respective disciplines as they relate to international development problems. The work in these areas address problems confronting the poor majorities in developing countries, on which AID has placed special emphasis.

AID, under the part of the 211(d) grant calling for talent sharing and through direct contracts/grants in Peru and Thailand, will have received the benefits of both staff services and expanded knowledge and insights in key areas of agricultural economics. It is likely, though, that the capacity

of ISU could have been even greater if its faculty and student resources from other departments and disciplines of the university were actively involved.

While grant objectives have been effectively addressed by ISU, it is impracticable to determine the attainments in a quantitative way. A narrower focus with greater specificity in objectives and use of grant funds will be met with some resistance by the faculty. Yet, the Evaluation Team was impressed with the increased dialogue that has occurred in the past year and believes there can be developed a consensus for a continued, meaningful relationship.

During the on-site evaluations, the following constraints on utilizing the capacity at ISU were identified:

1. It appears difficult for ISU to expand its collaboration among departments already involved (statistics, sociology, forestry) without funding similar to 211(d) even though the University administration feels this expansion is desirable.
2. The Economics faculty appears to be taxed to the point that AID will have to be judicious in calling for its utilization, especially on short notice, due to the growth in graduate student enrollment and supervision of an increasing amount of overseas graduate research. The AID contract in Peru, 211(d) work in Thailand, talent sharing arrangements and other domestic and international endeavors also contribute to the utilization problem.
3. About 29% of ISU's Department of Economics budget (exclusive of overhead) is from AID. This high percentage could be troublesome, and lead to conflicts in meeting domestic requirements.

Some possible approaches to using the capabilities developed include:

1) Short-run

- proceed expeditiously to provide support for graduate students on 211(d) funds already in the midst of their programs.

2) Long-run

- Contract for seminars for AID and LDC personnel in sector analysis, income distribution and employment.
- Contract for research in areas of the Departments' strengths and in areas of interest to AID which would bring together the faculty capabilities in several Departments.

- Explore means for financing graduate student research in LDCs. Although AID-funded participants conceivably could be funded by the USAIDs for this type of graduate research, that alone would not satisfy the requirement since many graduate students interested in LDCs are not AID-funded. So far the 211(d) grant has proven to be the most effective means, and this reason alone may warrant the continuation of a grant to the time that other means are found or a determination is made that the requirement has been met.
  
- Consider application of the Thailand agricultural sector analyses work to other countries and regions, pending a review by the East Asia Bureau.

Cornell University

Summary Findings and Conclusions

The capacity of Cornell University's Department of Agricultural Economics in international agricultural development economics has been enhanced but not to the point that AID could readily call upon that capacity through a grant or contract for utilization.

Full-time, tenured faculty of the Department of Agricultural Economics numbers 35 and supporting non-tenured faculty presently is 22. Approximately eight of the faculty devote time to economic development, an increase of about one and one-half man-years in the grant period with some augmentation by visiting professors, seminars, etc. The graduate student body is 100, about the same as before the grant. The number of students from LDCs has increased from 21 to 33. With this number of students, along with undergraduates and the amount of time already devoted by the faculty to domestic and international work, it appears that there is only limited capacity which could be made available for utilization by AID and other donors beyond what is already being done.

Emphasis under the grant has been on international trade. The Department also has faculty interested and involved in Agricultural Development, Resource Economics, Rural Development, Marketing and other areas of interest to AID and LDCs. A USAID research contract administered by Dr. John Mellor is related to the 211(d) grant activity in terms of faculty interest and student participation pertinent to the grant objectives.

The curricula has been broadened in the development area during the period of the grant. Funds from the grant have been used primarily in support of graduate research.

Cornell University, for many years, has had interests in international work, and the College of Agriculture and Life Sciences has had continuing contacts in the Far East, particularly with the College of Agriculture at Los Banos and with IRRI. It has an emerging relationship with CIBAT in Mexico; indeed, the College has a policy to develop and maintain relationships with all of the international centers. Individual professors maintain contact and conduct research in India, Indonesia, Nepal and to a limited extent in Sri Lanka, Thailand, Malaysia; Iran, Venezuela, Nigeria and Ethiopia.

During the on-site evaluation at Cornell University, the following constraints on utilizing the capacity in agricultural economics were identified:

- 1) Given the size of the faculty and the workload involved with the student body, including 100 graduate students, the ability of the Department to respond to the needs of AID, LDCs and other donors is limited.

2) The bulk of the faculty and resources is committed to teaching, research and extension activities which will restrict their institutional response capability.

3) The grant funds, primarily used for graduate research, did not encourage major faculty member involvement from the agricultural economics department, which, again, places limitations on the department's capabilities in responding to developing countries' needs.

Possible approaches to maintaining the capabilities generated by the 211(d) grant include:

1) Short-run

-- extending the grant to permit graduate students supported by 211(d) funds to complete their work.

2) Long-run

-- Exploring other funding mechanisms in areas which parallel the needs and interests of AID, LDCs, other international development agencies and Cornell's Department of Agricultural Economics, especially participant training funding.

-- The participation of the agricultural economics faculty in seminars between AID and other grantees' faculty which examine agricultural development strategies and policies.

Michigan State University

Summary Findings and Conclusions

The administration of Michigan State University is supportive of international development work and provides an environment conducive to the development of the inventory of talent on the staff of the agricultural economics department.

The Department of Agricultural Economics has a core faculty of eight with six supporting members who are involved in international work. Both through the 211(d) grant and AID research funds the Department has expanded and enhanced its work in sector analysis, marketing and rural employment generation in Africa. It has also increased its work in international trade and, to a limited extent, multiple cropping. Most of the international work and the salaries of some of the tenured faculty depend upon funds from sources outside of the university. Without this external support, the level of capacity can not be maintained and will decline, and the present attention to international work would be sharply curtailed.

Of the 123 graduate students, 50 percent are from developing countries. Through the use of 211(d) funds some graduate students have been able to undertake research in the LDCs and faculty members are permitted to travel to the countries to review the research work. [NOTE: Of the elements and uses of 211(d) funds, the four universities were unanimous in placing this use as the highest priority. The Evaluation Team feels that graduate research, including field supervision and travel by faculty members, represents a key element in the grants. If, however, utilization of the capacities of the grantees had been the primary objective of the grants, other priorities, not excluding graduate research, might have been more appropriate.]

MSU's work in agricultural sector analysis, using a different approach than Iowa State University, merits close attention by AID and other donors and LDCs. Also, its work in marketing in Latin America has developed applications which should be considered in other areas. Similarly, the initial research work and the network established on rural employment in Africa under an AID contract bears watching by scholars and technical personnel concerned with the rural poor.

MSU has had linkages with Nigeria and other parts of Africa, Korea, Taiwan, Malaysia and several Latin American countries. Because of the deep involvement in Nigeria, MSU is looked upon as having special interests in Africa and indeed it does. The current work by Dr. Carl Eicher, which involves several tropical African countries, bears out this interest-- and, hence, AID's continued interest in MSU. Its relationships in Korea and Colombia have been especially strong.

These areas which appear to have had particular emphasis and are of special current relevance should not be considered the extent of MSU's

interests. Important work is being done by individual professors and graduate students in international trade, production, etc.

MSU appears to have made good use of visiting professors and to a limited extent of faculty members of other departments in augmenting the work in agricultural economics.

In short, the Department of Agricultural Economics faculty, which is already taxed through increases in student enrollment, domestic programs, and work in conjunction with AID on the 211(d) grant and research contracts in Latin America, Asia and Africa, appears to be unable to respond to further requests for utilization of this capacity. This, however, does not preclude the possibilities of utilizing the capabilities generated under the grant through other funding mechanisms.

The following constraints have been identified in MSU's Department of Agricultural Economics as impediments to utilization of its capacity:

1. With tenured faculty on soft money it becomes extremely important that external resources be obtained, otherwise the capacity will decline more rapidly than in the other institutions. The legislature has indicated its special concern for domestic work and precluded the use of state funds for such things as international travel of faculty.

2. Even with its present faculty, the Department is quite likely taxed to its limit given its student load and domestic and overseas work. For example, with its commitments for participating in agricultural sector analysis in Korea faculty members will not be readily available to assist in similar analyses in other countries.

3. The Rural Employment Research Network, which appears to be of particular use and has great potential, will collapse without continued external support.

4. The current program is large and although it probably would be most congenial to the University to consider financial assistance at the same level, that option is unlikely. Therefore, it will be particularly difficult to sort out which parts of the program should have priority for funding. However, AID must specify what its priorities are so that MSU's program options can be sorted out.

The Team believes that MSU can be responsive to an increased number of specific AID requests by reordering existing resources or by modest inputs of additional resources. Discussions between AID and the University should begin right away on possible approaches which facilitate the utilization of MSU capacity such as:

- Seminars for AID and LDC personnel, possibly in conjunction with ISU, on agricultural sector analysis.

-- Participant grants, possibly directly to the University, for graduate students who are concentrating on agricultural economics in Africa. These training grants could be for a combination of American and LDC students.

-- Research or other contractual means . . . provide for exploration by faculties of several disciplines on such problems as rural employment in areas in addition to Africa.

University of Minnesota

Summary Findings and Conclusions

The international program in the Department of Agricultural and Applied Economics is a significant and highly regarded element of the University's total program. The staffs of these departments were increased by one each in international development economics with assurance by the administration that these positions would be financed by the University if the grant is terminated. These staff additions, as well as increased participation in international agriculture by other faculty members, have resulted in a major shift in resources to an international focus. At least 20 University faculty, mainly from the Departments of Economics and Agriculture and Applied Economics, have been directly involved in--and it appears at least partially supported by--211(d) funded activities of research and training.

The Economic Development Center specifically mentioned in this 211(d) grant, has played, we believe, an important role in bringing a focus to international economics activities by facilitating the involvement of the two Departments of Economics and Agriculture and Applied Economics which are located in separate colleges. The primary emphasis in the economics field is understandable and appreciated though the Team did leave with the sense that possibly more could be developed--or has been developed and was not adequately portrayed--of involvement of other elements of the University. There have been some involvements of faculty from the Forestry Department and Center for Comparative Studies (Political Science), but the Team felt that there is probably more close associations and involvements among them with respect to domestic focused programs.

The focus of the Economic Development Center and, thus, of the international work of the Departments of Economics and Agriculture and Applied Economics is on the following categories:

- Trade and Development
- Production and Factor Markets in Developing Countries
- Population and Labor Markets
- Technological Change and Resource Use

A fifth category, Public Enterprises in Process of Development, has recently been added with support from the Rockefeller Foundation. The preponderance of work and cohesiveness appears to be in Technological Change and Trade and Development though there is no doubt that the University has had good work in all areas. Of probable practical use to AID, in addition to the two above categories, would be the specific work done on fertilizer based upon faculty and graduate research primarily in Tunisia and Korea.

Linkages between the Departments of Economics and Agriculture and Applied Economics through the Economic Development Center are excellent though we suspect there may be even potentially closer involvement with domestic faculty and activities. We saw less encompassing relationships with other departments. There are continued direct relationships with present and former faculty members now working with or supported by the Rockefeller Foundation, the Ford Foundation and the Agricultural Development Council in India, Korea and Thailand and other areas of Asia. The direct relationship with Tunisia supported by an AID contract gives the University good contact in northern Africa. The process whereby faculty or former faculty working overseas are given support for seminars, courses, etc. at the University when on home leave and sabbaticals provides invaluable relationships and linkages.

The following constraints to utilization were identified during the on-site review conducted at the University of Minnesota:

1) While the Evaluation Team was impressed with the calibre and competence of the University in agricultural economics and closely related fields and was certain that the 211(d) grant enhanced its capacity, it was not sure of the extent to which that capacity could be drawn upon by AID and others. Without outside support, it is unquestionable that the capacity will diminish even though it is now probable that economic development work, in general, will continue.

2) The graduate student body numbers 74, of which 31 are from LDCs. This may present utilization problems for AID since many faculty members supervise graduate research in addition to other administrative responsibilities.

Possible approaches to utilize the resources generated by the grant include:

- Direct support for seminars by faculty members and graduate students in such areas as Fertilizer, Technological Change, Trade and Development. It may be that the present faculty may not be the best nor sole expertise so the arrangements should be flexible, e.g., held in conjunction with home leave of Hans Binswanger and/or involvement of Dr. Vernon Ruttan on Technological Change.
- Training grants to the University for it to draw upon AID and other donor personnel, LDC personnel, etc. for general graduate study or perhaps for focused study in specific functional or geographic areas.
- Contracts for specific research, publications, syntheses of research topics.

- A general overall, core support type of grant or contract with provision for task orders to be funded separately calling for specific training, research or advisory assignments. (This mechanism could be employed at each of these universities.)

#### IV. FEASIBILITY OF 211(d) GRANT MECHANISM AND ALTERNATIVE MODES

During the evaluation, it became quite apparent that while the 211(d) grant mechanism had not yet provided a capacity in agricultural economics that AID and LDCs could draw upon readily, neither did it seem likely that the four grantees could easily expand to meet growing requirements in both domestic and international areas. Moreover, it was evident that the grantees had not considered thoroughly the implications of the new AID proposed utilization mode and the constricted terms for grant expansions. It seemed worthwhile, therefore, to include in this evaluation report some considerations for the academic community and AID in exploring modifications in the arrangements for their mutual benefit in meeting the needs in agricultural economics.

##### A. The Issue of Objectives

The single most important issue in resolving the feasibility of the 211(d) grant mechanism or alternative modes lies in resolving the nature of the objectives to be accomplished. Until this is resolved the question of choice is moot.

Without belaboring the discussion of previous sections, let us look at the issue of objectives for help in evaluating feasible ways for AID and the universities to cooperate.

The original goals were broad. As such, it could have been predicted that interpretations would vary. Such interpretations varied both by various AID groups among themselves and by the four universities as among themselves. Also, interpretations may well have varied within a given university between administration and staff.

The confusion of the varying interpretations of the original objectives was dwarfed by the confusion of the evolving and changing nature of the objectives over time.

The early objectives of the universities were very individualistic. They took the liberty to play on their strengths - graduate training, research, depth of curriculum, and intellectual involvement of staff. They felt this would make significant contributions to international development, while improving themselves for later assistance to AID and others.

The early objectives of AID appeared largely to be those articulated by TAB, mainly institutional strengthening of four good agricultural economics departments. AID wanted strength, including some interdisciplinary

strength, for utilization when needed. The original compatibility of these goals was high and the 211(d) grant instrument was not only quite effective, but exciting.

The universities liked the longer planning horizon of five years; they were intrigued with the flexibility of these funds; they allocated them marginally to improve departmental quality of traditional areas. They improved quality of graduate study, increased formal course offerings, improved research, and enhanced staff involvement. They did want, in some cases, to increase staff size, but, in general, the maintenance of existing staff number was paramount. They did not worry much about increases in program size or in services offered. They ignored almost completely the coordination and collaboration notions both with TAB and with the other three universities involved. They liked what they had and moved it more and more in "their direction".

Meanwhile AID's expectation of the universities was broadening greatly. Much greater emphasis was put on TAB staffing needs, the bureau and mission direct service needs, and the dramatically changed Agency focus on the so-called "utilization mode". In a way, it is ironical that the original 211(d) grants failed to have an explicit institutional response capability model notion in it; yet, that focus is now materially altering the grants and may lead to their termination.

AID was not happy with what it was seeing and started communication with the universities such that by the time of this evaluation, both parties were talking to each other and knew that some problems existed.

The first general objective "to create a framework...(in which the) "discipline can work cooperatively"... "to provide an efficient means for applying the product...and to contribute to the development of professional contacts and collaboration..." was just not taken seriously by either AID or the grantees.

That part of the second general objective which was "to increase the competence of the University..." was generally understood and probably significantly accomplished. That part of the second objective which spoke of "providing a continuing arrangement for faculty members to conduct research on campus and abroad..." was significant and welcomed to the universities.

The third objective, "to provide increased training" was generally understood by all and well done.

The fourth objective, "to provide...University faculty the enriching experience of dealing directly with problems of agricultural development" meant something quite different to the two parties to the agreement. The universities took it to mean personal intellectual enhancement and reorientation of faculty into international development work. AID took it to mean that the universities were to do something important for AID specifically, both in Washington and abroad. The two parties were probably never together on this objective.

Lack of communication festered the breach in understanding of the original objectives. When communication was established, it was too late to recover the potential effects of early joint planning. One exception was some gain in coordination and collaboration, at least in understanding the developing joint problems and in improving the flow of information on what was going on in each of the organizations.

Fortunately, this recognition of problems appears to have generated some mutual concerns, additional desire to work together, and some basis for further joint endeavors. Whether the seeds for a feasible 211(d) mechanism or alternate mode are there is now our question.

The current issue of feasibility is meaningful only in terms of projections for the future. The goals appropriate to the future must be jointly resolved before a specific instrument can be fashioned to accomplish the goals. Do we know enough now to do that? To answer that question, let us turn to what we have learned. We will then look at some possible common or compromisable interests of AID and the universities. Hopefully, this will lead to some prescriptions for a renewed and continued relationship between AID and the agricultural economic community through a feasible 211(d) grant mechanism or alternative mode.

#### B. What We Have Learned

The Universities and AID. The demand for agricultural economists, both in international development and elsewhere, is strong and appears to be increasing. The universities have a large share of the type of agricultural economists needed by AID. The supply of such talent in the four departments studied, and presumably in other good departments, is encouraging. How the 211(d) grants contributed to this talent base is not always obvious. Also, it is not clear from all the demands on this talent how much is readily available to AID for service type activities. This type of talent is not built like machines and stored until needed. In fact, some feeling exists that this current reservoir of talent, in part developed with 211(d) funds, is quite perishable and could be eroded seriously if means for nurturing it are ignored. The universities take seriously the availability of AID funds since the universities generally face a dismal outlook for international funding. Possibly some hope exists in current congressional considerations but most university people are concerned. Departments differ widely, and standardized grants do not serve either AID or the specific universities well. AID's knowledge of how a university department works is sometimes lacking; unfortunately this same lack of understanding applies to the average university person with regard to AID's needs, particularly in the mission or bureaus.

The 211(d) Grant Mechanism Itself. The original 211(d) idea was a good one, given the original goals. Real doubt exists by the universities about using the arrangement now with AID's narrow definition of institutional response capability in the utilization mode. Although the 211(d) grant was not a large part of the budget of many universities, its flexibility and

long-term planning; strength made it attractive to them. Their waiving of overhead costs attests to that. The 211(d) use was rather traditional, but accumulated experience with it is encouraging that it could be a most flexible and creative instrument. It substantially improved quality of graduate training and probably increased the number of U.S. nationals interested in international work, as well as the number of foreign students trained. Flexibility of the grant exposed an increased number of staff to international work and created some excellent potential talent for AID service needs. This flexibility resulted in topping off graduate students, getting out publications, strengthening libraries and aiding in a host of rather small, but important things. The 211(d) strengthened performance on several AID research contracts. However, it did not directly serve as a means for attracting other substantial international funding. Interdisciplinary activity under the grants was low, yet, enough imaginative examples existed to show that it could be effective for this.

The "multiplier effect" of the 211(d) may be greater than often acknowledged. The internalization of its effects was found not only in the recipient departments, but also in the people and institutions of the LDCs, as well as in collaborative agencies such as the foundations and in various other institutional linkages. The grant did not bring much collaboration and coordination among the various universities until late in the grant. Possibly the grant should not have been expected to do this. Very possibly another grant should have been tailored in a much smaller and specific way to effectuate that purpose. The 211(d) grants did not, and probably can not, bring about a general pooling of talent by many universities. Moreover, many economists qualified for international work in agricultural developments are in departments other than the four recipient departments. AID must be careful that it does not foreclose itself from such talent by limiting its grants to a few institutions.

### C. Where are the Common Interests of the Universities and AID?

The Common Interests. Many good universities have a commitment and strong interest in international development which they share with the overall objectives of AID.

AID and the universities share a common interest in the reservoir of agricultural economics talent located in the universities.

The universities are in need of resources for international work and AID has such resources.

The universities and AID have a joint responsibility for building a larger talent base to work on the growing number of international development problems.

AID and the universities need to interact more directly; each has much to be learned from the other and such knowledge is a prerequisite for improved mutual working relations.

AID and university professionals need the stimulation of direct, longer-term staff interchange.

AID and the universities have common interests in improved training involving improved recruitment and counselling of foreign students to be trained in this country as well as in increasing the number of well trained U.S. nationals in international work.

Both have much at stake in more joint planning of research so as to give longer planning horizons to the universities and to give more relevant research to AID, especially on its research contracts.

Together the university agricultural economists and AID can attract needed and effective interdisciplinary back-up talent; this type of talent is available and can be attracted with proper flexibility in grants.

AID and university professional staff can both gain by some straight talk about mutual and individual interests between the administration . . . people of the universities and those in AID; much of the contract negotiation now is too often tedious, unnecessary, and done in a state of mutual ignorance and unnecessary mistrust.

AID and the universities have their greatest joint responsibility in creating a favorable over-all public funding climate for their community of interests in international development.

#### The Less Common Interests

The university must have flexible funds over a long period so that it can make high-return, marginal expenditures in areas where it can not typically do so with traditional funds.

The university needs grants that are adaptable to institutional peculiarities; universities do have historical peculiarities and AID must recognize those.

AID needs greater assistance on problem, program and project service, especially on in-country requests.

AID needs either direct access to the agricultural economists at the universities or collaboration with a university in such a way that AID can expect continuous participation by the most qualified and experience faculty on problem-solving research of interest to the Agency.

AID needs more assurance that the universities can meet many of AID's needs in a more timely manner.

Areas Which Probably Mean Compromise. Universities must consider giving service to the needs in international development much as they have to many domestic needs in their Cooperative Extension Service format.

Universities must be willing to take greater risks in international development program planning and be willing to tide themselves over when gaps occur in contract and grant funds; they must establish career options for international type people by giving promotions in rank and being somewhat more generous with regard to tenure.

Universities must consider more realistically overhead requirements and their distribution within the universities on funds that are obviously mutually advantageous.

Universities must give status to the international programs with the same professional recognition given comparable domestic programs.

AID must realize that the strength of the university is in many ways built on long-range programs and that investment in these is the only way AID will get the high quality, short-term help it needs over time.

AID must cut sharply the bureaucratic hangups and make feasible more packaging of coordinating multiple-grant arrangements, and must expedite and make more flexible its working arrangements with an individual university.

AID must approach the universities with much clearer and better defined needs in its requests.

In summary, AID and university interests in international development differ essentially in degree. The common interests outweigh the conflicting interests. The goal of working together is sound, feasible and a firm obligation of both.

The key problem is in how to work together. This problem is compounded by the current position of each - AID's with its heavy emphasis on utilization and the universities' with their conflicting problems of trying to decide just what they can and should commit to international development. Poor design of facilitating arrangements can set AID and the universities apart. Wise arrangements can make both much more effective. Such wise arrangements surely are feasible. Let us now turn to the job of designing just such an agreement.

#### D. Alternative Modes of Collaboration by AID and the Universities.

We have a dilemma. The intent of the utilization mode of the Agency has been articulated in a rather narrow institutional response capability model of problem, program, and project assistance. This was discussed in

the introduction to Section III. Most university people interviewed, some people in AID, and at least part of the Evaluation Team feel we have learned enough from the original 211(d) grants that a much improved grant can now be designed. Such an agreement could alleviate most of the problems of the original 211(d)'s and would be more satisfactory for all concerned than to attempt to develop an agreement between the better universities and AID on the more narrow institutional response capability model. Our dilemma rests on two facts. First, we do not know whether any reasonable agreement, especially by the universities, on the institutional response capability model is feasible. Second, we do not know whether the utilization mode of AID can be more liberally interpreted to allow use of an improved grant. We suspect that a combination of grants and contracts would be most desirable but we are not encouraged that the right combination can be readily negotiated.

#### Alternatives Under a Broad Interpretation of AID's Needs

Let us assume AID wants expanded, high quality graduate training of U.S. nationals and foreign students interested in international development. Further, AID wants a continuing availability of university agricultural economists of high quality for in-depth, top level Agency consultation; University-AID professional staff interaction; and timely qualified program, problem and project assistance at the bureau and mission level, especially as AID moves to work with the 40 poorest LDCs. Also, AID would also hope to get improved inter-university collaboration and cooperation on programs of interest.

Let us assume that the universities want fairly long-run (3-5 year) planning horizons; they want flexibility of funds in order to lubricate their programs to round out research contracts, teaching voids, overseas research experiences for graduate students, and wider involvement of faculty not traditionally dedicated to international development and often of an interdisciplinary relationship. Also, they would like to internalize a core staff dedicated to international involvement.

Let us assume further that both AID and the universities want to improve the Nation's program in international development; they want greater joint involvement in program planning and execution; they want streamlined and facilitating administrative backup of staff working arrangements; and they want to present to Congress a strong case for appropriate, continued, joint budgetary support.

The Evaluation Team feels that the following alternatives deserve discussion as possible approaches for accomplishing all or part of the above objectives:

- 1) Reinstate the original 211(d) grant concept.
- 2) Improve the 211(d) grant concept.
- 3) Establish a joint program incorporating strong AID-university staff cooperation under memoranda of agreement.
- 4) Use a series of coordinated grants and contracts to a given university, each to meet selected objectives.
- 5) Agree that collaboration on any general combination of objectives is impossible and negotiate individually on each need.
- 6) Have AID bypass the university and negotiate directly with university staff members as AID's needs arise.

Alternative 1 - Reinstate the original 211(d) grant concept. This is a doubtful alternative since AID has only recently completed its internal evaluation of the 211(d) grant mechanism. Its continuation under the new Policy Determination precludes it would seem a return to the past.

Alternative 2 - Improve the 211(d) grant concept. This is a strong alternative. Many of the short-comings and "bugs" have been discovered and some already corrected. The original objectives of such a grant are still much intact. Moreover, the biggest hangup, university demands for AID compromise on utilization, appears to be in the range of reasonable compromise if other means are employed to supplement 211(d) funds.

Improvements in graduate training were obviously made under the 211(d) grant. Most of these improvements could presumably be met under regular training grants; however, the tight interaction of university graduate training and research, including AID contracts, suggests that returns per dollar cost to AID from a coordinated package is much less than would be true for individual grants for anything approaching the same amount and quality of training and research.

The crux of agreement in this alternative lies in the gulf between AID and the universities on staff involvement in AID utilization mode needs. The width of the gulf probably can not be accurately measured without face-to-face negotiation on a new or extended grant in a test case. Such a test-case approach has much to recommend it. Many of the expectations of the AID bureaus and missions are feasible if preplanned, spelled out, and negotiated. AID could probably get much greater specificity and better timing if it is sure of what it wants. Much could be coordinated with major professor-graduate student research trips to the countries. Special short-term in-country seminars and evaluation sessions would upgrade the image and improve the appeal of such activity for the university staff people. Much of this could be accomplished with more junior staff

if such positions were made explicit and mandatory in the original grant format. Even more appealing to AID would be explicit assurance that some senior staff freed up by such junior staff would be available to AID. A beneficial compromise to both university and AID is feasible here.

TAB staff needs could presumably be met with modification and improvement in the talent sharing arrangement. The arrangements should be explicit and the professional opportunities upgraded and well defined. This objective can be more effectively met with supplemental memoranda of agreement such as discussed in Alternative 3 below. Such a memorandum of agreement seems quite feasible with either the modified 211(d) grant program of this alternative or directly in Alternative 3 if that is preferred.

Research will not be significantly affected whether the 211(d) model is used or not. The evidence seems clear that the judicious use of marginal expenditures of flexible funds can improve the research and probably add valuable output at low marginal cost. Research contract performance appeared to be enhanced by the presence of the 211(d) grants. Research output specifically under the 211(d) grant should not be judged directly against research from research contracts. Probably the 211(d) grant should not carry a heavy specific research objective. The research effect would be more facilitating and coordinating.

Inter-university collaboration and cooperation can be accomplished much better under an improved 211(d) grant than under the original grants. Errors were made by AID and the universities on this matter. Both know what these errors were. They can be corrected the second time around. Possibly, this objective should not be included in a general purpose grant. This will be analyzed and discussed later in Section IV (E) "Multi-University Approaches".

The length of agreement should be at least three years, and preferably five. This is reasonable, given the objectives. Funds could be tied down some with regard to flexibility of use, but little evidence was found that the universities abused that characteristic of the original grants; and many fine things were done because of it. Both the university departments and AID have much to gain by writing new positions for international development work directly into the grant. Serious negotiations should be conducted with university administrators for internalizing these. Some universities may not be able to accomplish this; thus, flexibility should be kept simple and efficient; certain good faith notions are mandatory for success of such grants.

Alternative 3 - Establish a joint program incorporating strong AID-university staff cooperation under memoranda of agreement. This is another strong alternative. The intent of this arrangement would be much the same as that of Alternative 2. Operationally it is quite different. The theory of the arrangement is based upon having university personnel committed to performing work for AID through cooperative arrangements. Other agencies

of government have used modified forms of the system effectively. The rationale and design for it have been put forward by TAB already in the PROP "Expanded Program of Economic Analysis for Agricultural and Rural Sector Planning". We will not elaborate on the details here.

The more detailed recommendations of Alternative 2 would, for the most part, be quite similar to those for this arrangement. Once the most controversial ones concerning staff involvement are solved by the above compromise, the others should work out rather easily.

Alternative 4 - Use a series of coordinated grants and contracts to a given university, each to meet selected objectives. This arrangement could be strong, but is not. The arrangement in theory seems a direct, straight-forward idea. Presumably it has no really bad conceptual problems.

The trouble is in feasibility. AID personnel say that the approval procedures are just too cumbersome and the approach is not feasible. The Team feels it is a sad commentary when bureaucracy can render inert what on the surface appears to be a fine arsenal of instruments designed to meet a variety of needs through a wide range of effective combinations.

Suffice it to say in this report that the approach is conceptually sound and could be recommended rather highly if AID can render it operational.

Alternative 5 - Agree that collaboration on any general combination of objectives is impossible and negotiate individually on each need. This alternative presumably could get some things done, but it is obviously inferior to either Alternative 2, 3, or 4. It should be used only as a last resort.

Alternative 6 - Have AID bypass the university and negotiate directly with university staff members as AID's needs arise. This alternative is feasible for some things at some universities. It is not viable for the best talent. The best talent is usually at the universities that are attempting to establish strong programs in international development with or without AID collaboration. Such a university can not tolerate an excessive number of its individual staff members bypassing their own institution's program. Also, the demands for such staff members are such that AID consulting rates are not competitive. The bidding is strong for outstanding consultants in the open market where the potential consultants have no prior responsibility to their base institutions. For example, the rich countries are now aggressively bidding for such talent.

This alternative is not satisfactory for large scale, long-run effective programs with objectives such as those expressed above.

### E. Multi-University Approaches

The objective of the original 211(d) grant designed to foster improved, inter-institutional collaboration and cooperation failed early. But, it appeared to be working reasonably well toward the end of the grants. Communication among departments of agricultural economics, especially the top ones in nearly all areas, is fairly good. The main exception is in the field of international development. This field is relatively new and did not evolve in the normal channels of institutional interaction. The USDA-CSRS formal arrangements assure a certain amount of interaction on domestic research. Regional research in nearly all areas give face-to-face staff interaction. Many staff people hold joint research-adult education or research-teaching appointments. The teaching and extension conferences, workshops and such provide many opportunities for staff to meet across state lines. The USDA cooperative agent program gives direct USDA - Land Grant University interaction.

International programs do not have such linkages as do domestic programs. In many cases, foreign linkages in the international development subject matter programs of Land Grant Universities are better than the United States ones in these same international development programs. Individual universities have often built up working relations with AID, FAS, the foundations and commercial organizations. Yet, the relationships among the universities themselves in this subject area matter are lacking.

It is not clear just how such interaction can best be established but, the need for it is clear. Likewise, AID's role in guiding such interaction is not clear. But, it seems appropriate and in AID's best interest to act either on its own initiative or collaboratively with others to bring about such interaction.

The Team does not have a strong recommendation to make in this area except to say that AID should take seriously the fact that a problem exists and something should be done about it. Six arrangements were discussed at different times during the evaluation. A brief discussion of each follows:

Arrangement 1 - 211(d) grant coordination and cooperation provisions. Interaction improved as the grants matured. This involved the four original recipient departments; the two additional 211(d) recipients; and AID staff, especially from TAB, and later from the bureaus. AID obviously should have moved on this early in the grants, and in new or extended grants this should be corrected. The meetings have been helpful in building communication links, defining problems, informing each other on individual grants, stimulating inter-university staff visits, fostering graduate student exchanges, and such. The last two recipient departments obviously felt they had been benefited substantially from the arrangement.

The grants obviously functioned better after this interaction started. Also, it is probably true that the whole international program at each campus was stimulated and improved by the interaction.

This objective should be spelled out much more specifically in any new grant mechanism. The planning should involve specific objectives to be met in such interaction, number of meetings, nature of agenda, responsibility for leadership, and special projects such as talent pooling ideas, needed conferences, tuition waivers for graduate students, short-term staff interchanges, seminar speaker exchanges, and such.

The cost of such an objective in a general purpose grant need not be high. The Team recommends that adequate planning be given to this objective and that it be retained as part of the general purpose grant concept. If other arrangements evolve to accomplish this, AID could withdraw substantially from leadership of it. Until such leadership evolves, AID is probably the most logical catalyst and coordination unit.

Arrangement 2 - Coordinated cooperative arrangements patterned after regional research committees. The regional research committees have had a variety of purposes and a spotted success. The best functioning committees provide a quite feasible format in which effective coordination of international development work could be accomplished.

The professional improvement conferences conducted by the Agricultural Development Council are not unlike those conducted by one type of regional committee. The purpose is more professional interchange than research output. The Farm Foundation has been particularly effective in encouraging this type of regional committee. The committees continue indefinitely in tenure and usually meet once or twice annually. The activities of this type of regional committee give continuity of subject matter not usually accomplished in the ADC program.

The regional committees have traditionally done two types of research. One is the so-called "lockstep" type of thing where information and analysis over a broad geographical area is necessary. This work is often to explore a new area or to give an overview; it is often fairly descriptive. It has been helpful in improving coordination of ongoing work at the various universities. The second type of work is traditional team research work often with a rather definite division of labor. The criteria for problem selection are usually those things that make it more logical to do the research by grouping resources or those that argue that the problem must be defined regionally. The success of such research has not been outstanding. Moreover, international development research problems themselves do not necessarily suggest the need for a regional approach. The same organizational format is, however, used with some success inter-regionally and this might make more sense in the international development subject matter area. The relevant point for us is that regional research organizational arrangements could make certain contributions to the international development subject matter area giving greater interaction, coordination, and communication of ideas. It is for these reasons that these organization arrangements need serious consideration by AID. The Team recommends that AID review the regional committee history with the idea in mind that international development subject matter might benefit by some such arrangement. One advantage to be expected would be more continuity in coverage of subject matter and personnel attending the meetings. The other advantage would be a coordinating effect on international development research across institutions.

Arrangement 3 - AID-university cooperative personnel arrangements under memoranda of agreement. The USDA type of cooperative agent under memoranda of agreement has materially enhanced coordination and cooperation between the USDA and the universities. This type of arrangement has been discussed above and will not be handled again here. The arrangement does have this important communications, coordination, and cooperation advantage. Although the memorandum of agreement type of staffing arrangement was discussed above primarily as a means to help AID and the universities collaborate, this important and valuable contribution which it could make for inter-institutional coordination and cooperation would be a fine windfall. The Team recommends to AID that it give this point serious consideration in evaluating this alternative for the objectives in Section IV.

Arrangement 4 - Consortium. The consortium is a flexible arrangement. It can be assessed effectively only with regard to a given need. The idea serves best for rather tight coordination. The objective should be rather specific. It is more effective for use in recruiting and coordinating needed resources to do a specific job rather than for use in general coordination of talent and programs. It is argued that it must have a strong overall administrative organization, well spelled out. Also, it must have some budget override to facilitate mutual work as contrasted to work that would be done under individual institution budget constraints. To get institutions to surrender adequate autonomy to make the consortium effective is a real problem.

AID should continue to consider the consortium arrangement, but the use of it will be rather specialized. It will probably not be an effective long-run arrangement for fostering general professional coordination and cooperation in the international development subject matter area.

Arrangement 5 - Small informal arrangement of professionals with right common interests. This arrangement has had success when at least one or two strong professionals can give leadership to the group and all members have a strong mutual respect. The Interstate Management Study Group and the Trans Atlantic International Group were mentioned as successes for getting a specific professional research job done. Glenn Johnson, Michigan State University, served on both of these and his advice to AID on the arrangement would be better than that of the Team.

It does not appear that such an arrangement would handle the widespread need for international development subject matter coordination in the agricultural economics profession. Yet, for certain select areas, AID's encouragement of such a group might be most appropriate.

Arrangement 6 - Agricultural Development Council Conference and Seminar Programs. This RTN program is conducted under an AID contract. Evaluation of this arrangement was not considered part of the Team's responsibility. Yet, the program is well known and was often mentioned during the evaluation. The response of professional people to this program

was generally quite supportive. It does not, however, give effective coordination. It lacks somewhat in continuity of subject matter and personnel. AID should probably consider the possibility of broadening the concept of this program to more of the profession.

#### V. RECOMMENDATIONS

The following recommendations attempt to take into consideration the lack of full and mutual understanding of the grants by the various elements of AID and the universities, the slowness in undertaking and completing the evaluation, the most recent program emphasis for AID, and AID's new Policy Determination on institutional grants.

It was clear to the Evaluation Team that the regional bureaus and staff offices, such as the Office of International Training, held varying views on the need for institutional grants and how those grants could best meet the requirements of AID and its field missions. It was also apparent that TAB itself had changing views on institutional grants during the past several years as did the several universities. Important and significant modification in project design and evaluation by AID has only recently been brought to bear upon the 211(d) grant. The evaluation process which is supposed to occur in the fourth (4th) year of the five (5)-year grant was not introduced into the evaluation of the grants in agricultural economics until the fifth (5th) year. During the evaluation itself, the Agency announced new criteria for institutional grants and revisions or extensions of existing grants. Finally, since the grants were made in 1970 AID has undertaken program concentration with the highest priority given to agricultural and rural development.

It is within this framework that the Evaluation Team has proposed a series of recommendations which we believe will serve both the Agency and the academic community with the objective of meeting AID's development need as projected in its legislation.

#### Summary

To briefly summarize, the Team believes there are various areas which should be kept in mind when the decision to extend or revise the 211(d) grants in agricultural economics is being considered. These crucial points are as follows:

- 1) Each of the grantees has done a good job in placing greater emphasis on foreign agricultural economic development through courses offered and through training of foreign graduate students. The Team also notes that the increase in the percentage of foreign graduate students at these institutions reflects the initiatives of each school rather than AID's Office of International Training.

2) Each of the grantees does have a core staff which devotes a substantial amount of time to problems in economic development. However, the response capability of these core groups to respond to additional demands is limited at each of these institutions. (See Section III - Utilization.)

3) Only one of the grantees, Iowa State University, will have fulfilled its talent sharing commitment. The other grantees have not complied with this provision of the basic grant agreement.

4) The grantees have not complied with the provision to organize an International Panel through which cooperation and collaboration between the grantees, and with AID, other international donors and LDCs could be realized. AID must take major responsibility for not providing the direction and leadership necessary to establish the Panel.

5) Research performed within the 211(d) grant should be focused more in areas which AID is placing increasing emphasis in accordance with Congressional mandates.

6) Each of the grantees should be required to submit plans on how minorities and women will be utilized in their grant-related activities, as mandated by Congress and adopted by AID.

#### A. General Recommendations

1. AID should extend the grants to the four universities through FY 76 to fund those graduate students being financed by grant funds so that their studies are not interrupted. There should be no new starts nor commitments beyond this extension. Faculty time, e.g., for travel to overseas graduate research, would be included.

This recommendation serves two purposes: it would not cut off funds for students on such short notice that other arrangements could not be made, and it should facilitate the longer term discussions and negotiations which will be involved in developing new or revised means for close working relationships between AID and the agricultural economics departments.

2. AID should also undertake in the extension of the grants to fund activities which can be identified as serving the utilization mode.

The move to the utilization mode can commence right away by drawing upon the university resources and capabilities there and already enhanced by the 211(d) grant. We should not overlook the opportunity to utilize the capabilities during the time that new or different arrangements are made for continued relationships between AID and the university community.

3. The universities, during the life of these grants, including any extensions provided, should work diligently to fulfill the requirements of talent sharing.

The Evaluation Team feels that while it was unfortunate that talent sharing, as envisioned in the grant, was an integral part of those grants, there was an agreement by the parties that faculty members would be made available to AID. The need within AID still exists. We believe there are meaningful assignments which would serve the universities, AID, the developing countries, and the faculty members themselves. The evidence is that, in the main, the assignments have been and are meeting these purposes. The evidence further shows the desirability for flexibility in arrangements in order to take into account the situations which surround the schools, the AID offices, and the individuals involved. We recommend that short-term service for advisory consultations are one way to obtain the services of university personnel. We believe such service would serve the intent of the agreement and would lay the base for an expanded relationship among AID, the grantees, and the individuals.

4. AID should undertake to maintain the level of competence and capacity in agricultural economics which has been enhanced during the grant period through utilization. AID should also undertake to expand further the competence of U.S. universities in agricultural economics by using a combination of funding sources and mechanisms.

The Evaluation Team concluded that the needs of AID and the LDCs in agricultural economics exceed the capacities of the grantee institutions. It is in AID's interest that it continue to find ways (legislation may be requested) to make arrangements for the continued and even expanded use of universities as a primary resource for research, analytical and diagnostic work in the various aspects of agricultural economics.

During the evaluation, we were, in general, impressed with the use of 211(d) funds. It was quite apparent that both the grantees and AID had progressed in their thinking on how the grants might be better focused. At the same time, we were impressed that 211(d) funds should not be the role, nor necessarily the major source for financing university activities in which AID has significant interest. We suggest that a combination of 211(d) grants, research grants and contracts (to address problems of special concern), training grants or contracts (to up-grade AID employees in sector analysis and other important elements of agricultural economics), participant training grants and contracts (to cover the full cost for trainees), and contracts for advisory and evaluation services would give universities the financial base to continue and to expand their work and capacity in economic development work. The 211(d) mechanism has given the grantee institutions greater flexibility than any other AID financial support. But in terms of AID's new Policy Determinations on institutional grants and the fact that AID has other means to support and finance activities, it is appropriate and timely that the universities (and not necessarily only the grantee institutions) and the

AID technical sponsoring office meet and sort out which combination of mechanisms best meet the objectives for which AID funds are appropriated. AID should pay fully for the services it requires, and the universities should, we believe, continue to participate in the agricultural development programs, especially those which magnify interrelationships between foreign and domestic agricultural problems. We doubt that the 211(d) mechanism, with all of its flexibilities but yet with the limitations, is the best to serve the needs of the universities. AID's requirements can, however, be better served by a combination of devices and the 211(d) process should be fully combined with other means.

5. TAB/ESP should take the initiative promptly to review with the grantee institutions and appropriate AID offices the research underway and contemplated by the universities and that sponsored and proposed by AID offices in the several aspects of agricultural economics.

The Evaluation Team does not propose that university research be focused entirely upon AID's perception of research needs nor that an individual graduate student research need necessarily to fall within those perceptions. We do see the need, as do the universities, including the grantee institutions and TAB/ESP, for improved exchange of information on proposed and completed research as well as currently underway. It is quite likely that the present Research Training Network with some modification could become an improved system for research information exchange. The university community, through informal and professional contacts and relationships, is much better informed of research than are AID officials who may not be tied into the informal networks. Thus, TAB/ESP, which has the primary agency staff role in economic research focused on agricultural and rural development, has a particular responsibility.

6. The Agency, possibly through the Office of International Training, should undertake measures that provide full costs of training for participants. High priority for training assignments should be in the institutions being provided other AID support such as 211(d) grants.

A leading reason on the part of grantees for desiring to participate in the 211(d) grant programs is the flexibility provided in financing graduate students, their research, and their supervision by faculty members. The normal PIO/T does not provide funds for the total range of adequate graduate study but apparently--according to the officials of grantee institutions we talked with--covers only basic tuition and subsistence costs. It does not seem proper that other students, state taxpayers, etc. should, in effect, be partially subsidizing AID participants. There is little doubt that the costs for participant training are already high, but the costs are minimal or indeed meaningless of the objectives if the training is not achieved.

Under the present flexibility of the 211(d) grants, American and foreign students from non-LDC countries obtain financial support. Participant training funds can not be used for their support. Thus, without the 211(d) mechanism and flexibility the institutions need to consider

other funding sources. We suggest the possibility of combining research contracts, talent sharing arrangements, and contracts for advisory services with training augmentation to allow and provide support for those who are not AID financial participants. It undoubtedly in the long run would be preferable for the Congress to provide funds in support of the International Education Act. In the short run, it appears reasonable for AID to provide the supplementary support so that it can obtain the best possible talent and services of the universities.

7. As a final general recommendation, we strongly urge AID and the university community to work closely together promptly in discussing, negotiating, and arranging for means and methods whereby the Department of Agricultural Economics (sometimes part of Department of Economics) can continue to maintain their present interests and capacities in international development work and to develop and expand their capacities.

This Evaluation Team looked only at a small part of the 211(d) grant program, agricultural economics, but an area that is vital to a major legislative and program thrust of the Agency. Presumably, if all that is needed to be known about rural development, income distribution, sector analysis, etc. were already developed, there would be little need for university support. The Agency and LDCs could rely upon their own experts, contracts and consultants. But all is not known. There is great need for additional research, for integrated, interrelated, multi-disciplinary approaches, for application of skills and knowledge already gained, for centers of higher education, and up-grading the experienced. There is great need for the direct and continuous involvement of the university community.

The universities have looked upon the 211(d) grants as the single best means provided by AID to give flexibility and support to their programs. In some instances, the 211(d) grants come at a time that foundation grants were declining and even disappearing. They were seeking ways to continue and maintain their interest in international development and were ready to receive grants even without the provision of overhead allowed in contracts. Possibly, other international and foundation funding sources may come; but it is unlikely. The domestic demands for agricultural economists, the decline in foundation revenues, and the general inflationary costs in the universities almost dictate a leveling off and probably a drop in support of international programs. AID still has the potential, through its several means of contracting and giving grants, to be even more imaginative and creative than at present supporting the university endeavors.

We suggest TAB/ESP proceed along the following lines:

- a. Complete extension of the 211(d) grants through FY 76.
- b. Continue discussions and negotiations on talent sharing.

## B. Specific University Recommendations

### 1. Iowa State University

a. TAB/ESP should immediately undertake actions to provide an extension of the 211(d) grant to cover the costs of students (we understand there are 14 who would need to be covered) for one more year of graduate study and overseas research. Travel by faculty members to supervise graduate research should also be funded.

The time is undoubtedly too short for the students to obtain alternative funding for the next academic year which extends beyond the end of the present grant. They should not be unduly affected by the inability of AID, the Evaluation Team, and the universities to complete all of the analyses and actions on other parts of the relationships.

b. AID should undertake a series of seminars and workshops for Desk, Program, and Technical Officers calling upon Iowa State University and Michigan State University professors who have been deeply involved in agricultural sector analysis. Individual professors from other institutions should also be invited. With the heavy emphasis by the Agency on sector analysis, it is of paramount interest that there be increased communication among the practitioners, innovators, and researchers. ISU should be called upon for seminars in income distribution and employment. Again, Michigan State and others should participate.

ISU has proposed a workshop concerning agricultural development. This fits the utilization mode well and should be included in the grant extension.

c. AID's personnel concerned with diffusion of technology should be in contact with ISU which has been doing some pioneering research in this area. As AID continues to explore with ISU how to best maintain continuing relationships, consideration needs to be given to the receptivity of the Department of Economics to work more extensively than in the past with other faculties of the University on collaborative studies and research.

d. Much has been said and written about talent sharing in this report and earlier reports by AID and the universities. We want to acknowledge the commitment to and full participation by ISU in this aspect of the grant agreement.

### 2. Cornell University

a. TAB/ESP should immediately undertake actions to provide an extension of the 211(d) grant to cover the costs of the students (we understand there are 7 who are affected) for one more year of graduate study.

The rationale for this recommendation is the same as for Iowa State University above.

b. TAB/ESP should explore with Cornell University the possibilities of training programs for AID and LDC personnel in international trade.

Cornell University has great talent and capacities and to single out international trade is not to overlook other areas. As mentioned under Iowa State University above, the several U.S. universities and scholars should be invited to participate in seminars and workshops involving AID personnel in a variety of agricultural economics areas. The Team was favorably impressed with the work of Cornell University in international trade and feels that it could, with further encouragement, give even greater attention to this important area.

c. Cornell University's desire and intent to establish and maintain relationships with the international food research centers should be of particular interest to AID. There is the suggestion of a possibility that Cornell may be able to play an effective linkage/network to supplement the role being played by TAB itself.

### 3. Michigan State University

a. TAB/ESP should immediately undertake actions to provide an extension of the 211(d) grant to cover the costs of the students (we understand there are 15 who are affected) for one more year of graduate study.

The rationale for this recommendation is the same as presented above for Iowa State University.

b. TAB/ESP should initiate action to have Michigan State participate in seminars and workshops for AID and LDC personnel, particularly in agriculture sector analysis and rural employment.

MSU's approach in sector analysis differs from ISU's. Both are relevant and important for AID, LDC and other AID advisory groups to know, adapt, and use. MSU's work in rural development in Africa is important too for the consideration of geographic elements other than Africa. MSU has proposed a training program in sector analysis. This would fit well into the utilization mode and we, therefore, recommend its adoption.

c. AID should proceed expeditiously to explore with MSU how best to continue to develop and expand MSU capacity and for AID to continue to draw upon that capacity.

MSU possibly presents a particularly difficult problem since such a large proportion of its agricultural economics faculty is non-tenured and on soft money. Yet its resources have been applied to international problems for a long time. The 211(d) grant was timely because it came as foundation support and other types of AID support were

decreasing. The University was able to retain an excellent core of personnel which was available to serve the objectives of the grant. It is quite possible that this institution, more than the others, will require an additional year extension in order to discuss other means whereby AID can draw upon the faculty. From all indications, MSU has a capacity and interest in applying the widest range of multi-disciplinary resources to the problems facing AID in rural and agricultural development. The grant extension should have MSU focus its attention particularly on sector analysis, marketing and rural employment.

4. University of Minnesota

a. TAB/ESP, as in the case of the other grantees, should proceed immediately on the actions necessary to extend the grant to cover the costs of graduate students for one more year. We understand that 12 students are involved.

The rationale is the same as for Iowa State University.

b. TAB/ESP should initiate actions whereby Minnesota personnel can be called upon for seminars and workshops of AID and LDC personnel in technology change, fertilizer development, and trade.

As in the case of the other institutions, this school is not limited in its interest and capacity in the above areas; but its work in recent years has been especially focused by some personnel on these areas. Minnesota also proposes workshops in agricultural trade and development. This too should be funded since it fits the utilization mode. (TAB/ESP should compare this proposal with the others to insure cooperation/collaboration between universities and minimize duplication.

c. The University should be encouraged, possibly through visits by 211(d) grantees and AID personnel, to explain in detail the role of its Economic Development Center.

The Evaluation Team was impressed with the development of the Center and the role it now plays in mobilizing faculty resources in focusing upon economic development through curricula, research, etc.

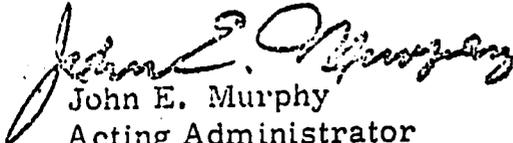
Attachments:

- A. Policy Determination (PD-62), October 30, 1974
- B. Kenneth Sherper's memo dtd 11/1/74

INSTITUTIONAL GRANTS PROGRAM

A comprehensive review of the Institutional Grants Program, first by an intra-agency Review Team and subsequently by my senior staff, has resulted in the attached Policy Determination, which, by my approval,

- Reaffirms importance and rationale of program.
- Recognizes need for modifications based on changing needs of LDCs and the universities themselves.
- Provides new criteria for both initial selection and extension and/or revision, and
- Provides new guidance for management of the grants and greater involvement of Mission Directors and their representatives in identifying priority needs and desirable linkages, and participating in the programming, selection, and review processes.

  
John E. Murphy  
Acting Administrator

Attachment:  
Policy Determination - Institutional Grants Program

DISTRIBUTION:  
AID List M, Position 9  
AID List B-6, Position 9  
AID List C-2

Address questions about this Policy Determination to AA/TA.

PD-62  
October 30, 1974  
(TL 9:200)

### PURPOSE

This Policy Determination (PD) defines AID policy applicable to Institutional Grants which are made to build adequate U.S. response capabilities on priority development problems and facilitate utilization of such capabilities in joint problem-solving and knowledge transfers with the developing countries.

### LEGISLATIVE AUTHORITY

Section 211(d) of the Foreign Assistance Act of 1966 reads:

"Not to exceed \$10,000,000 of funds made available under Section 212, or under Section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries."

### POLICY AND OBJECTIVES

The Institutional Grants Program has for its purpose the creation, adaptation and strengthening of the competence and expertise of U.S. educational and university-affiliated research institutions to deal with the key problems impeding economic and social development in less developed countries. There are certain identifiable shortages of properly trained personnel and gaps in knowledge and skills that restrict the efforts of AID and other donors to carry out programs of assistance and collaborate in solving critical problems common to many countries. The Institutional Grants Program provides a mechanism to help overcome these deficiencies.

The grants are designed to yield outputs that serve the current and projected needs of the less developed countries, AID and other donors, at the same time, strengthening a new educational dimension and interdisciplinary approach at selected institutions. Institutional grants are to be used to develop response capabilities within educational and research institutions by building long-range resources in depth. There must be a presumption that without the grant such competence would not be developed soon enough or in sufficient depth to serve LDC, AID or other donor needs.

PD-62  
October 30, 1974  
(TL 9:200)

In addition, there must be clear evidence provided by the grantee that those aspects of the grant which are directly relevant to the grantee's primary educational and research role will become a permanent part of its curriculum and/or research capability and financed in the future by the grantee institution, as well as evidence that capabilities developed under the grant will be utilized in joint problem-solving and knowledge transfers with LDCs.

## SELECTION

### A. Project Criteria

The following criteria will be applied by the Agency in identifying the need and selecting problem areas appropriate for institutional grant support.

1. An institutional grant project must be directed towards developing special competence in an area of skill or knowledge that is related to the actual or anticipated areas of Agency concentration and priorities, including the development of capabilities in techniques broadly required by AID such as sector analysis, project design and implementation, and evaluation. It is AID's responsibility to identify the priority problems and areas that meet this requirement, and to select the institutions which offer the most promise in developing additional capacities on the specified problems in which AID is interested. Therefore, institutions interested in participating in the program should consult with AID to determine whether their proposal addresses a perceived need or interest of AID; preferably they should be responding to an AID initiative.

2. Ultimately, the solution of problems must be the job of the LDCs themselves; consequently, a key issue is the ability of the grantee to adapt and transfer knowledge to the cultures and milieu of the less developed countries. Hence, AID will limit grants as far as possible to those which involve a collaborative effort between the grantee institution and LDC institutions in the developing of competence.

3. Criteria to be applied to grant proposals include an assessment of:

-- Current and projected demand from LDCs, from AID and other donor agencies and plans for utilization of capacity, as identified in USAID program submissions sector strategy statement and other AID documentation.

-- The relevance of proposed activities to problems requiring joint problem-solving, applied research and training.

-- The adequacy of grant design and concept.

-- Proposed arrangements relating to participating in existing or potential systems or networks involving developed and developing countries and other U.S. institutions, and the likely effectiveness of mechanisms to achieve outreach in the proposed arrangements.

#### B. Selection of Grantee

1. AID will ascertain that a potential already exists in the institution to produce the work desired. Grant funds will not be used to germinate capacity where none presently exists, nor in areas which are not of priority concern to LDCs.

2. The recipient educational or university-affiliated research institution must furnish assurances that it is committed to the international development scene in general, and will commit itself to support the purpose and objectives of the proposed grant. Specifically, the recipient institution must be able and willing to prepare and develop special curricula, provide space and utilities, recruit and train personnel, engage in research as appropriate, and organize its program and faculty so that the joint relationships with LDC institutions are established as an integral part of the grantee institution's academic and research life. The grantee must also commit some of its own funds during the life of the grant and provide assurances that it will continue to support the staff competence developed after the grant is terminated.

3. The recipient institution must be receptive to long-term involvement in assisting and working with AID, LDCs and other interested institutions within the subject problem area, including collaboration with LDC institutions during and as a part of the grant. AID could then contract with the grantee to obtain training, research and consulting and related services once capacity has been sufficiently established according to appropriate AID selection procedures applicable to university contracts.

4. The object of ?11(d) grants is to build upon, enlarge or make more specific the capabilities of the institutions to perform work on selected problems. AID is convinced that the solution to many problems in the LDCs can be solved only through a multi-disciplinary approach, and particularly through the application of non-economic social science perspectives, e.g., cultural anthropology. In determining grant recipients, AID will favor institutions which show the most promise of bringing a multi-disciplinary approach to the solution of development problems, where appropriate.

#### TERM OF GRANT

The development of institutional capacity requires continuity and assurance of funding beyond a single year. For this reason, a specific term for the grant will be determined and specified in the grant. Although five years has been the normal grant period in the past, the length of the term should not be arbitrarily established, but should be determined on the basis of a review of the proposed work plan and reasonable expectation about the time needed to develop the required capacity. At the end of this period, the grantee is expected to sustain a reasonable capacity through its own funds alone, or in combination with funds from other sources, including AID contracts.

Although a grant will be approved for a specific term, the Agency will review the progress and monitor the effectiveness of the grantee on a continuing basis.

At the mid-period of the specific grant term, a special comprehensive review should be held to review progress, accomplishments and investigate ways to increase the effective utilization of grant-induced capacity. After grant termination, the usual and preferred method of utilizing institutional capacity created with grant assistance will be contracting with former grantee institutions for their services as dictated by the needs of the AID program, although contracts with former grantee institutions will be subject to normal Agency selection procedures.

It is recognized, however, that the Agency may choose to consider assisting some institutions after the completion of the specific term to achieve fuller and continuing utilization of their capacity, separate from specific contracts, because, although these institutions are peculiarly relevant and have shown great interest and capacity to work with LDC institutions, they are not yet able to take on the full financial burden

of sustained utilization of capacity. If these condition(s) prevail, the Agency may wish to finance a revised grant, limited to a one- to two-year funding increment to cover specific activities by the institutions involving continued utilization of capacities in the development process, e.g., training of LDC personnel, collaborative research, consultancy services, etc. A decision to take such a step must be made one year prior to expiration of the grant and must consider the following factors:

- Need for the expertise.
- Relevance of problem area addressed by the grant to current areas of AID program concentration and priority.
- Performance to-date and results in achieving grant purpose.
- Development and application of new knowledge and innovative approaches, and participation in cooperative endeavors with LDC institutions, and other American universities.
- Commitment to long-term involvement in problem area.
- Clear need to receive continued grant support in order to maintain active utilization of the required capacity.

The review team will be chaired by a Mission Director, a high-level designee of the Director, or an AID/W Office Director designated by a Regional Assistant Administrator. Any revised or extended grant will be funded out of budgets for the affected Regions. Where the utilization of the capacity developed is worldwide, the Administrator may approve central funding, provided that at least one Mission Director or regional representative has served on the review team.

In some cases, it may be advisable to consider an additional utilization grant beyond the first increment. Such requests will be considered on their individual merits following a review at the mid-point of the first increment, using the above criteria.

#### AGENCY INVOLVEMENT

The renewed emphasis on linking institutional response capability to LDC and Agency needs, the increased attention to priority development problems, and the importance of programmed linkages require a more active Agency involvement of headquarters and field from planning to eventual phase-out of the grant programs.

PD-62  
October 30, 1974  
(TL 9:200)

6

Central Bureaus, especially TAB, should develop plans for 211(d) grants on the basis of priority problem identification in the DAPs and FBSS\* (and other AID programming documents) and to establish the suitability of LDC linkages prior to the approval of grants. Grant project officers should work with the Regional Bureaus and USAIDs to help identify skills in the grantee institutions that can appropriately be utilized for current and projected LDC and Mission program needs, either under the terms of the grant, or through additional contracts. Field Missions are urged to identify host country institutions and facilitate linkages between host country institutions and the grantee. The value of such linkages and the relationship to host country capacity and development should be addressed in Mission planning documents.

Regional Bureaus and sponsoring technical offices will take steps to ensure and facilitate the involvement of appropriate Mission officials in the grant program, with particular emphasis on the selection and review processes. In any review leading toward the development of an extension (revised 211(d)) grant, an appropriate Mission Director, his high-level designee, or a Regional Office Director will chair the review team. If the Administrator determines that the capacity being developed will be utilized worldwide, the review team may be chaired by a central office AID/W official, although a Mission Director or regional representative should participate on the review team.

In addition, when preparing to contract with a U.S. educational institution for a technical assistance project involving sector analysis, problem-solving, project design and evaluation, research and training in a key problem area, USAIDs should be mindful of capacity already developed (or being developed) under 211(d) authority and draw on these resources. If such capacity does not exist and is not being developed, USAIDs should recommend its development under 211(d) authority, possibly as a complement to the services being requested. Regional Bureaus may wish to consider further use of the 211(d) authority to develop and utilize institutional capacity on problems of a regional character.

Attempts to tie the 211(d) program more closely into Agency requirements and concerns have been dealt with recently in a number of Agency issuances. The following specific

---

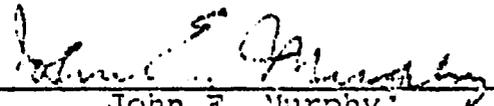
\* DAP - Development Assistance Programs

\* FBS - Field Budget Submission

PD-62  
October 30, 1974  
(TL 9:200)

documents should be referred to for additional policy guidance:

- PD-47 Guidelines for Research
- PD-48 Employment and Income Distribution Objectives for AID Programs and Policies
- PD-50 AID and the Relatively Less Developed Countries
- PD-51 Guidance Statements on Selected Aspects of Science and Technology
- PD-53 Use of Grants in AID Program
- PD-54 Guidance Statement on Urban Development



John E. Murphy  
Acting Administrator

10/30/74

Date

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Donald L. Goodwin

DATE: Nov. 1, 1974

FROM : AFR/DS. Kenneth H. Shermer *KHS*

SUBJECT: Utilization of 211(d) Grants

During our review of the MSU 211(d) Grant at East Lansing, I was requested to briefly write my views concerning the controversial issue of utilization of 211(d) grants. An effort needs to be made to clarify misunderstandings that have developed due to varying interpretations of the term "utilization." An attempt will be made to present the utilization concept from the perspectives of both the University and the AID regional bureaus. This will be followed by a synthesis of the common elements of the interpretations and suggestions to help evolve a redefinition of utilization more satisfactory to all concerned.

The University generally views utilization of the 211(d) grant as enhancement of their response capability to AID through (1) improved ability to carry out relevant AID and other contracts, (2) production of more highly qualified U.S. and foreign graduate students, and (3) sponsoring and participation in conferences and publication of relevant research materials.

The establishment and maintenance of a high level of faculty competence in specific subject matter areas and geographic areas of special interest to AID and the LDCs allows the University to accept and provide a highly capable response to requests from AID to carry out international research and other types of long-term contractual involvement in LDCs such as talent-sharing, model building, planning and strategy studies, etc. The 211(d) grant funds are used to help support graduate students from LDCs, which makes a direct contribution toward the needs of agricultural economists and development economists. The flexible funding procedures of the grant permit LDC graduate students to return to their home countries to collect data and write theses or dissertations which result in relevant research for the needs of AID and the LDCs. In addition, the grant makes possible an exchange and dissemination of knowledge through conferences and publications that are available to AID. The grantee also provides a centralized pool of talent and information concerned with specific geographic areas and subject matter.



AID regional bureaus generally agree that the University interpretation of utilization of 211(d) grants is a valuable and important part of the response useful to AID; however, such a broad response does not adequately meet the specific operational requirements of the regional bureaus for which they depend heavily upon the resources of the academic community. This includes such services as sector and subsector assessments and analyses, feasibility studies, project design, project evaluation and other relatively short-term advisory services. The regional bureaus view the AID assistance to Universities in development and maintenance of a special competence in agricultural economics related to international development through 211(d) grants as a major reason to expect a return commitment from Universities to help meet the demands upon the bureaus to carry out program and project work. The regional bureaus see a pool of expertise that they require which has been developed and supported by AID funding and believe such talent and capability should be tapped to meet immediate as well as long-term requirements.

There does not appear to be any great differences of opinion between the Universities and regional bureaus regarding the present type of utilization of the 211(d) grants, rather the regional bureaus would like to have the Universities expand their services to AID by utilizing University competence to participate in more of the short-term analyses, assessments and other studies. It is commonly agreed that the flexibility in the grant allowing graduate students to return to their home countries to conduct relevant research is a valuable tool. Joint conferences and workshops are also extremely useful to AID.

There should be a clear recognition of the physical limitations imposed on University faculty due to teaching requirements and other commitments, which affect response capability. There appears to be a general orientation and interest by University faculty toward studies and research that are long-term and extensive rather than short-term and less comprehensive. Consideration should also be given to administrative and regulatory restrictions by the Universities, as their primary institutional purpose is not to respond to AID requests. However, it is also imperative that Universities understand the nature of demands upon regional bureaus to develop rationale, perform analyses and assessments, design and evaluate projects, etc., frequently within short time-frames. To successfully carry out these assignments, AID must rely heavily upon expertise from Universities or other sources outside the Agency.

A first step to reconciliation of the differences of interpretation of utilization is a mutual awareness of the commitments, demands and limitations imposed on both Universities and regional bureaus. This can best be accomplished by a continuing frank exchange of views through evaluations, discussion meetings and written communications. The next step is a general movement from stress on building capability to respond in Universities to emphasis upon utilizing that competence. This is currently being done by shifting to a utilization phase for continuing grants rather than simply extending them. The new PD clearly states the utilization grants are "to facilitate fuller and continuing utilization of response capabilities." It is apparent that both of these first essential steps have already been initiated, but they must be continued and re-emphasized.

More specific suggestions that could be undertaken toward mutual resolution of the utilization issue include:

1. AID requests should, as much as possible, be limited to those countries and regions that the University has developed a relative high degree of competence.
2. AID requests should be made to Universities as much in advance as possible to actual travel and manpower requirements by University faculty to allow for planning and preparation.
3. When Universities have a special capability in a specific country or region, the concerned faculty should maintain a close liaison with similarly concerned AID officials so that potential requests by AID can be anticipated as early as possible.
4. In countries or regions in which a 211(d) grant University has a specific interest, it should be AID's responsibility to communicate to the University the general goals, policies and development strategies as perceived by AID and the involved LDCs.
5. Universities should make every possible effort to build flexibility into their annual programs and plans to enable positive response to AID short-term requests.
6. When making short-term requests to Universities, AID should consider if and how well the subject matter fits into the long-term country or region involvement of the University and its faculty members.

7. The utilization concept for 211(d) grants should be expanded and new innovative ideas developed on how to utilize the grants including joint seminars in LDCs and combining selected University research with AID requests.
8. There should be more extensive and continuing communication within AID, especially between TAB and the regional bureaus, regarding the entire utilization concept of 211(d) grants, its purpose, uses and limitations.

These are some of my personal thoughts that have not been tested with others for reaction or concurrence. However, they do reflect a general sense on the subject I have picked up from informal discussions over the past year or so. I hope they will be of some value in your grant reviews.