

I. PROJECT IDENTIFICATION

1. PROJECT TITLE

Expanded Program of Economic Analysis

571.

3. RECIPIENT (specify)		4. LIFE OF PROJECT		5. SUBMISSION	
<input type="checkbox"/> COUNTRY	Worldwide	BEGINS FY	76	<input checked="" type="checkbox"/> ORIGINAL	DATE
<input type="checkbox"/> REGIONAL		ENDS FY	78	<input type="checkbox"/> REV. NO.	DATE
<input type="checkbox"/> INTERREGIONAL				CONTR./PASA NO.	

II. FUNDING (USD) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATES \$ US (U.S. DOLLAR)			
		(I) \$	(II) MM	(I) \$	(II) MM			(I) \$	(II) MM	(I) U.S. GRANT LOAN	(II) IDOP COUNTRY	(I) POINT	(II) BUDGET
1. PRIOR THRU ACTUAL FY													
2. OPRI FY 76	1500	1370	780			30	300	1500					
3. BUDGET FY 70													
4. BUDGET 71 FY 77	1800	1400	1000			20	380	1800					
5. BUDGET 72 FY 78	2000	1500	1040			20	480	2000					
6. BUDGET 73 FY													
7. ALL SUBQ. FY													
8. GRAND TOTAL	5300	4270	2820			70	1160	5300					

5. OTHER DONOR CONTRIBUTIONS

NAME OF DONOR: _____ KIND OF GOODS/SERVICES: _____

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER	Lehman B. Fletcher	TITLE	Chief, TA/AGR/ESP	DATE	8/11/75
2. CLEARANCE OFFICER	Leon F. Hesser	TITLE	Acting Director, TA/AGR	DATE	8/11/75

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

Subject to the conditions included in the recommendation in AA/TA's memorandum to DA/AID of October 16, 1975 and restated in a similar memorandum dated November 28, 1975.

BEST AVAILABLE COPY

2. CLEARANCES					
BUR. OFF.	SIGNATURE	DATE	BUR. OFF.	SIGNATURE	DATE
TA/PPU	Carl Fritz	8/11/75	GC/TA	A.R. Richstein	8/11/75
AA/PPC	Philip Binnbaum	8/11/75	PPC/DURE	E. Malloy	8/11/75
OP	Charles Windsor				
3. APPROVAL (AID OFFICE USE ONLY)			4. APPROVAL (AID FIELD OFFICE USE ONLY)		
SIGNATURE		DATE	SIGNATURE		DATE
Charles Windsor		8/11/75	[Signature]		8/11/75
TITLE			TITLE		
Charles Windsor, A/TA			[Title]		

23 July 1975

PROJECT PAPER

**Title: EXPANDED PROGRAM OF ECONOMIC ANALYSIS FOR AGRICULTURAL AND
RURAL SECTOR PLANNING**

Fiscal Years Proposed for Financing: FY 76 - 78

Appropriation Category: Food, Nutrition and Rural Development

Project Officer: L. B. Fletcher, Chief, TA/AGR/ESP

Project Summary

Title: Expanded Program of Economic Analysis for Agricultural and Rural Sector Planning

The goal of this project is to improve the performance and contribution of the agricultural and rural sectors of LDCs in achieving their overall economic and social development objectives. Systematic use of economic and related social science analysis is the means selected to assist LDCs in identifying, designing, implementing, and evaluating priority policies, programs and projects to promote their agricultural and rural development.

The purpose of this project is to expand and strengthen the capability of LDCs to identify and analyze the consequences of alternative policies, programs, and projects for agricultural and rural development in terms of their multiple economic and social goals. The result will be an improved information and analytical base for decision making on agricultural and rural development strategies, interventions and investments. Benefits will arise as a result of better decisions and will accrue to the target groups in LDCs.

Project inputs are primarily in the form of personnel and related support services:

1. LDC professionals will be involved in planning and analysis working directly with U.S. professionals in defining relevant activities, designing and implementing analyses, and evaluating analytical inputs into planning processes.
2. LDC governments will provide salaries and other support for LDC professionals and effectively link them to planning functions.
3. USAID missions and regional bureaus will provide both management and professional inputs as required for activity identification and management according to the plan of operations described in the PROP.
4. TAB/AGR/ESP will provide professional and managerial personnel as required to successfully fulfill its responsibilities under the PROP.
5. Professional economists and other social scientists will be made available with specialties determined by LDC needs from the pool of talent created under cooperative agreements with U.S. university and other organizations and PASAs with government agencies.

Discussions have been held with each of the regional bureaus to ascertain their anticipated needs for expanded economic and social science analysis of agricultural and rural development problems in their countries. The actual need, as determined by missions and bureaus, will govern the number and scope of activities undertaken since the responsibility for identifying needs and programming country-level activities belongs to the missions and bureaus. The budget projections given below are based on the assumption

that salary and fringe benefits costs for a full man-year of professional service (MYE) plus support for travel, research assistants, data collection, computer, and other expenses will average \$100,000 per MYE. The project initially involves a small manpower pool to be drawn from several universities to undertake the initial country-level activities and needed methodological and state-of-the-arts work. A buildup is provided over FY 77 and FY 78 to a level that seems minimal given current expectations about the worldwide demand.

<u>Year</u>	<u>Amount</u>	<u>MYEs</u>
FY 76	\$1,500,000	14 - 15
FY 77	1,800,000	16 - 18
FY 78	2,000,000	18 - 20

During the past few years, AID has ineffectively attempted to depend upon existing regional bureau capacities while enlarging and utilizing U.S. professional capacity through the Technical Assistance Bureau. It has established a pool of U.S. professional talent through the 211(d) grant program. Research and GTS contracts have also been used to develop new approaches, add to our knowledge, and utilize U.S. capability in LDC situations.

Past performance in agriculture sector analysis work under the present set of arrangements has been, in many cases, inflexible and bureaucratic. The problems have made for bottlenecks in the actual delivery of assistance and aggravated the goal of securing and retaining top personnel in this field.

The Cooperative Agreement instrument and PASAs integrated with improved regional bureau staffing and methods of cooperation between the bureaus and TAB will provide a system that will:

1. Support a combination of investigation, country applications and technical assistance to be performed in collaboration with LDC personnel.
2. organize a joint system of participants composed of AID and university and government professionals who are not just recipients of the program.
3. initiate long-term commitments between AID and specific university and government participants who have the experience, capabilities, and interest for continuous involvement in this work over a long period of time.
4. provide more flexibility in work content and budgeting procedures in line with changing program directions and requirements.

5. mobilize resources of government agencies such as USDA and the Bureau of the Census for long-term commitment to analytical tasks of interest to LDCr and AID.

**Expanded Program of Economic Analysis for
Agricultural and Rural Sector Planning**

I. A. The Goal

The goal of this project is to improve the performance of the agricultural and rural sectors in LDCs in achieving their overall economic and social development objectives through systematic use of economic and related social science analysis in identifying, designing, implementing, and evaluating priority policies, programs and projects to promote their agricultural and rural development.

I. B. Measurement of Goal Achievement

1. Economic and related social science analyses emphasizing various aspects of income generation and distribution, production-marketing systems, resource use and productivity as components of dynamic systems linking agriculture and the rural sector to the overall economy are undertaken.

2. Results of analytically oriented studies and evaluations performed by LDC personnel are systematically applied in policy and program formulation and implementation by LDC governments and AID and other assistance agencies.

3. On-going evaluation of LDC policies and programs is initiated that leads to improvements in use of available resources by LDCs in pursuit of their multiple goals for agricultural and rural development.

I. C. Basic Assumption of Goal Achievement

1. Both LDCs and AID are interested in improved policy analysis applied to agricultural and rural sector programming, planning and plan implementation.

2. Improved analysis will lead to integrated and inter-related policy development and implementation resulting in more efficient allocation and utilization of scarce human, physical and financial resources by LDCs and AID, and to more equitable distribution of benefits within LDCs.

3. Different levels or types of analyses can be utilized in LDC situations in ways that result in early improvements in policy analysis and implementation and also provide the basis for longer term commitments to expanding analytical capabilities.

II. A. Statement of Purpose

The purpose of this project is to expand the number and enhance the capability of LDC planning personnel to identify and analyze the consequences of alternative policies, programs, and projects for agricultural and rural development in terms of LDC multiple economic and social goals.

The result will be an improved information and analytical base for decision making on agricultural and rural development strategies, interventions and investments.

II. B. End-of-Project Status

1. The number and professional analytical capability of LDC personnel evaluating the consequences of alternative policies, programs and projects is increased.
2. Organizational units in LDCs are effectively linked to LDC policy makers with adequate staff and budgets to carry out analytical activities.
3. A joint AID-university system is established that can effectively provide U.S. professionals collaborating with LDC personnel on a wide variety of country-specific, problem-oriented analyses involving different degrees of methodological sophistication and adapted to the needs and utilization possibilities in the LDCs.

II. C. Assumptions for Achieving Purpose

1. Those charged with development planning and decision making both in LDCs and AID recognize the contribution of systematic analysis of major problems and alternative solutions as a necessary input to policy making.
2. It is possible for AID working with selected LDCs in a collaborative mode to develop and apply economic and social science analysis that will be effectively utilized in development policy and program formulation and implementation.
3. U.S. professional expertise will not be used to substitute for development of LDC analytical capacity.
4. AID can successfully mobilize U.S. personnel and utilize their talents so that assumptions 1 - 3 are satisfied.
5. An environment can be established for high quality professional work in LDCs including adequate continuity of support to both encourage medium and long-term working commitments for the professional staff and to permit adequate continuity of effort on longer term analytical tasks.

III. A. Project Outputs

Key professionals in LDCs collaborating with U.S. specialists to perform the following analytical activities (in order of priority):

1. where appropriate to country needs, country sector and subsector analyses within individual LDCs to illuminate program and policy choices

and their consequences, including a wide variety of studies of economic and social factors and problems at the farm, regional, and national levels, and of production and marketing system choices in relation to agricultural and rural development;

2. limited short-term policy analysis and related advisory services of the many types financed by AID on behalf of LDC or multilateral organizations and to support AID programming of projects and programs;

3. methodological research - development and testing of analytical methodology and research on relationships between key development factors in LDC situations.

III. B. Output Indicators

1. LDC professionals are trained in applied policy analysis through continuous working relationships with U.S. professionals and formal training.

2. LDCs implement a wide variety of types of analyses involving different levels of aggregation of agricultural and rural activities, covering different time spans and different degrees of analytical sophistication.

3. Experienced U.S. professionals responsive to the need for analytical assistance of various types collaborate with LDC professionals on LDC problems.

4. Alternative methodological approaches to agricultural and rural development analysis and planning are developed, evaluated and being used by LDC professionals effectively linked to policy determination and implementation.

5. Interested AID-assisted countries are operating agricultural and rural development programs based on systematic analysis of conditions and alternatives.

III. C. Basic Assumptions

1. Regional bureaus, together with their missions, will work in consultation with TAB to identify those LDCs where economic and related social science analyses and analytical capacities are both needed and in growing demand.

2. TAB can develop a mechanization which mobilizes resources supportive of LDC needs with reference to identified rural development problems.

3. Long-term U.S. staff resources can be assembled by TAB through a cooperative staffing process involving U.S. universities and other analytically oriented public and private agencies.

4. Appropriate AID management instruments exist or can be developed which will facilitate rapid mission and regional bureau utilization as well as effective monitoring of and interaction with qualified U.S. and LDC professionals.

5. Where appropriate to country conditions, LDC policy makers will support and LDC personnel will be willing to participate in activities aimed at improving the analytical basis for policy, planning and implementation decisions for agricultural and rural development.

6. Once committed to analytical capacity development, LDC resources--both staff and program support--will be adequate.

IV. A. Project Inputs

Project inputs are primarily in the form of personnel and related support services:

1. LDC professionals will be involved in planning and analysis working directly with U.S. professionals in defining relevant activities, designing and implementing analyses, and evaluating analytical inputs into planning processes.

2. LDC governments will provide salaries and other support for LDC professionals and effectively link them to planning functions.

3. USAID missions and regional bureaus will provide both management and professional inputs as required for activity identification and management according to the plan of operations described in this PROP.

4. TAB/AGR/ESP will provide professional and managerial personnel as required to successfully fulfill its responsibilities under the PROP.

5. Professional economists and other social scientists will be made available with specialties determined by LDC needs from the pool of talent created under cooperative agreements with U.S. university and other organizations and PASAs with government agencies.

6. Needs for short-term services will be met increasingly from this project as the pool of available talent and the level of activity is expanded and more of the LDC's and AID's short-term needs can be related to the longer-term analytical activities underway on a continuous basis.

The Agricultural and Rural Sector Planning Committee described in Section VI. 4 will provide the coordinating mechanism for information flows and feedback and for project management and operation.

IV. B. Budget

Discussions have been held with each of the regional bureaus to ascertain their anticipated needs for expanded economic and social science analysis of agricultural and rural development problems in their countries. The actual need, as determined by missions and bureaus, will govern the number and scope of activities undertaken since the responsibility for, identifying needs and programming country-level activities belongs to the missions and bureaus. Regional bureau staff have expressed a willingness to work with TAB, the universities, missions, and LDC agencies to define specific demands in countries where there is real need and prospects for early impacts from the analytical work. The Planning Committee described in the PROP will identify and implement the initial and subsequent activities under the project.

The level of resources used under this PROP should therefore be adjusted as required to meet LDC needs as the project proceeds. The expectation is that the project will not be able to satisfy all of the demand, hence, regional bureaus will necessarily need to rely on existing resources or contracts to meet overflow needs.

The budget projections below are based on the assumption that salary and fringe benefits costs will average \$100,000 for each unit or aggregate man year of effort (MYE). The costs are estimated as follows:

Salary and Benefits	\$45,000 *
Research Assistants (4)	40,000
Travel	5,000
Data collection and processing	10,000
	<u>\$100,000</u>

These are average figures used for budget projections only. Obligating cooperative agreements will carry specific identification of individuals and explanation of budget levels.

The project initially involves a small manpower pool to be drawn from several universities to undertake the initial country-level activities and needed methodological and state-of-the-arts work. A buildup is provided over FY 77 and FY 78 to a level that seems minimal in light of current expectations about the worldwide demand. Life-of-project projections are shown through FY 79 and FY 80 but actual requests will depend on needs and the results of an evaluation in the third year of the project.

<u>Year</u>	<u>Amount</u>	<u>MYEs</u>
FY 76	\$1,500,000	14 - 15
FY 77	1,800,000	16 - 18
FY 78	2,000,000	18 - 20

A breakdown of the estimated budget is given in the following table:

*Fringe benefits will constitute 15-20 percent of salary. Average salary figure reflects the intention to attract senior experienced professionals.

PROJECT BUDGET AND LIFE-OF-PROJECT PROJECTIONS

	<u>Requests</u>						<u>Projections</u>	
	<u>FY 76</u>		<u>FY 77</u>		<u>FY 78</u>		<u>FY 79</u>	<u>FY 80</u>
	<u>MM</u>	<u>Est. Cost</u>	<u>MM</u>	<u>Est. Cost</u>	<u>MM</u>	<u>Est. Cost</u>		
1. Salaries*		1,170,000		1,400,000		1,500,000		
a) Prof. Staff	180	645,000	200	800,000	220	880,000		
b) Research Asst.	480	425,000	600	450,000	600	450,000		
c) Secretarial	120	100,000	200	150,000	220	170,000		
2. Consultants**	--	--	--	--	--	--		
3. Overhead	--	--	--	--	--	--		
4. Travel & Trans. Per Diem		200,000		180,000		200,000		
5. Supplies & Equip.		30,000		20,000		20,000		
6. Data Collection processing computer time & materials		<u>100,000</u>		<u>200,000</u>		<u>280,000</u>		
TOTAL		<u>1,500,000</u>		<u>1,800,000</u>		<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

*includes fringe benefits

**includes fees, travel and per diem cost

The level of expenditure indicated above will not involve an equal net addition to Agency support for work in this area. The capacity that has been created by four 211(d) grants in agricultural economics will form part of the talent pool. Thus, those grants that have run at about \$500,000 per year can be ended and any further 211(d) support limited to any Agency needs for an institutional response capability that may not be provided under this PROP. In addition, four research contracts that have been funded for around \$750,000 per year will terminate in FY 76 and further utilization of the projects for country-level applications will be developed under this PROP.

On the other hand, these projections do not assume that regional bureaus will discontinue any programs or organizational units now in existence--nor that they will be limited to the use of the talent mobilized under this PROP in carrying out their grant and loan programs.

Cooperative agreements negotiated under authority of this project (the Expanded Program) may have funds budgeted directly as a part of this project and, in the case of the initial year of new technical assistance or research activities, from other projects. The initial period will be the hardest as the entire system establishes a track record and acquires a portfolio of ongoing activities. We believe that budgeting will be relatively easy once the system is in full operation. Decisions regarding implementation mode (cooperative agreement, contract, grant) should be made to the extent possible prior to the Congressional Presentation each year to permit presentation under the Expanded Program if that is the mode chosen.

Approved activities, field support, other continuing costs, and a small reserve for new activity proposals will be budgeted under the Expanded Program and funded by TAB. Regional Bureaus and TAB will budget separately for new proposals in their Program Submissions and OYBs until substantive approval has been obtained. Funds will be transferred to the TA Bureau and expended through the Expanded Program if the cooperative agreement mechanism is approved for a particular activity originally budgeted by a regional bureau.

IV. C. Assumptions for Providing Inputs

It is assumed that regional bureaus will be staffed with personnel capable of engaging missions and TAB in dialogues with LDC's concerning need for analysis and in identifying situations in which professional analytical skills may be effectively utilized.

It is assumed that a cooperative agreement arrangement established by TAB will be operationally flexible enough to assure smoother and effective implementation of individual LDC analysis activities once these are identified. It is expected that current central research, technical services contracts, and 211(d) grants will gradually be replaced by the more advantageous cooperative agreement instrument. An important assumption is that although AID direct-hire staff in the regional bureaus and TAB will be sufficient to initiate dialogues with LDCs and to operate the cooperative agreement, it will not be

sufficient to perform the expanded AID analytical tasks which will be necessary for the proper functioning of the various activities that will be developed in LDCs. Hence, we assume that TAB will obtain enough additional staff to operate the system.

For those countries where AID financing is joint with other donors, it is assumed that other involved donors will be willing and able to supply the agreed resources to the activities that will be designed. It is also assumed that whereas AID and other donors may initially fund the in-country expenses of these activities, the LDCs themselves will gradually assume responsibility for financing the operating expenses for the in-country components.

V. Rationals

There is urgent need in most developing countries to improve the performance of the agricultural sector as a means to promote their overall economic and social development. The current world food crisis is a grave reminder that the rate of growth of world agricultural output is still insufficient. In many developing countries food production has barely kept pace with population growth, while in Africa and parts of other continents per capita food production has actually declined. This inadequate output growth is in spite of expenditures of hundreds of billions of dollars on agricultural programs, including billions of dollars of external development assistance. The Green Revolution has produced a significant surge in output since the mid-1960s, but primarily of a few basic grains grown largely in irrigated areas. Notwithstanding its demonstration that major output gains are possible and its stimulus of substantial new efforts, the Green Revolution has not solved many problems that require much more attention if LDCs are to have the capacity to produce adequate food for their burgeoning populations in the future.

The situation in many countries is even less satisfactory in regard to objectives other than increasing food production. Improving income distribution, reducing underemployment, raising productivity and levels of living of the rural and urban poor, and maintaining price and balance-of-payments stability, are some of the goals that are being increasingly emphasized in LDCs. More and more, countries and aid agencies are placing priority on programs whose benefits will be widely distributed by the output and productivity increasing process itself, rather than deferring concern with equity objectives until adequate output levels have been achieved.

"Rural development" is becoming widely used to reflect the idea that the objectives of agricultural development should include expansion of productive employment opportunities both on and off farms and greater sectoral, regional, and personal equity in the distribution of income and social services, as well as substantial increases in output, if the large number of rural poor in LDCs are to benefit from growth. In this sense, rural development looks at the LDC growth process from the viewpoint of a target population--the majority of people in rural areas who now exist in varying degrees of absolute and relative poverty and whose conditions are tending to deteriorate in many countries as rural populations grow relative to available resources, technology in use, and prevailing institutional structures.

This express concern of rural development with multiple economic and social goals for the target rural population has not yet produced an adequate analytical framework or an approach that shows how the benefits of the development process can be widely extended to the small farmers, landless laborers and non-farm workers, who constitute the poor majority of LDC rural populations. Sector analysis and other analytical activities can be

used to deal with these concerns. They can be used to view increasing output, improving productivity and expanding employment in farm and non-farm occupations as a means towards higher incomes and increased provision of basic social services for the rural population. They can clarify the consequences of existing growth patterns and processes and identify feasible and consistent strategies, policies and programs for benefiting target groups. They can assist in developing coherent multi-objective, multi-activity agricultural and rural development programs and projects for specific districts. They can contribute to the important and difficult task of insuring that national and sector policies are consistent with the priority objectives of the proposed rural development programs. This project will aid LDCs in developing the skills necessary to analyze the needs of their rural target groups and the tools required to develop programs and institutions to expressly address their needs.

Pursuit of multiple goals greatly complicates the development problems in LDCs. It is the premise of this project that the inadequacy of capabilities for analyzing the consequences of alternative agricultural policies, programs, and projects is a major constraint on the attainment of their several objectives. At present, most LDCs have little analytical basis for choices among alternative investments and policy options. Yet, billions are now being invested in agricultural development by LDCs and assistance agencies, often with far less than optimum results. Investment and policy decisions are all too frequently made on the basis of imprecise identification of goals and subjective evaluations of expected results. Where analysis is employed, it is usually inadequate in methodology and empirical content to reliably estimate likely outcomes of alternative choices by decision makers.

The approach of project identification, analysis, and implementation used by many countries in the past is not adequate to cope with the situation confronting most LDCs at present. It is becoming increasingly apparent that sound planning, appropriate policy analysis, and relevant program formulation are the keys to successful agricultural sector development. Without good planning and policy analysis, LDCs are finding it increasingly difficult to identify and implement the linked and interdependent policies, programs, and projects at the sector and district levels needed to achieve their multiple objectives for economic and social development.

LDCs need to be able to explore a wide variety of kinds of questions about agricultural and rural development analytically—using relevant tools and reliable data. They need to know, for example, how best to allocate resources among different crops. They need to know whether their land, labor, and capital resources are being used efficiently in pursuit of their multiple goals. They need to know the implications of technological and policy choices on output, input, employment, and income distribution objectives. They need to better understand how agricultural change affects the total economy and how the agricultural sector is affected by growth and change in other sectors of the economy. They need to understand how to affect and organize for participation population groups that have largely been excluded from past growth processes. At present, most LDCs are

unable to obtain useful answers to these questions due to a lack of analytical capability and a poor data base. Nevertheless, in a number of countries, policy makers are beginning to recognize the significance of the questions and the importance of the analytical capability needed to answer them. As a result, they are beginning to make provisions for agricultural and rural sector analysis in their staffing and budget plans as a crucial component of their overall planning systems.

The critical questions facing LDCs require many types of analysis involving different degrees of methodological sophistication, different time spans, and different levels of aggregation. Analysis can range from short-term sector assessments and related project identification and evaluation activities through medium-term subsector studies of commodities or regions to a full sector analysis involving a substantial effort to model the entire agricultural and rural sectors and their interaction with the rest of the economy.

Choices of approach and models in a given LDC should reflect:

- 1) clear formulation of problems to be analyzed and specification of purposes for which the analysis will be used;
- 2) quantity and quality of human and financial resources available;
- 3) quantity and quality of data available or feasible to collect for verifying and validating the analysis, and
- 4) needs and requirements of decision-makers intended to be aided or influenced by the analysis.

The point of view adopted in this PROP is that there is no single "best" model nor methodology nor approach for use in all agricultural and rural sector analysis activities. Choices must reflect an attempt to balance and reconcile conflicting objectives and resource constraints with immediate and long-term demands for information by policy makers.

Viewed in terms of purpose and utilization, current work in this field can be classified into three main types:

- 1) Sector studies sponsored by external donors and assistance agencies.

These vary from very short-term assessments by foreign consultants to 6-12 month sector surveys and studies undertaken collaboratively by LDC personnel and visiting experts. AID and IBRD have sponsored the largest number of these studies. They have tended to be mainly descriptive and have depended more on subjective judgment and evaluation than on formal analytical techniques. The series of Country Perspective Studies being carried out by FAO with host government cooperation is another example of this type of study although with more systematic and uniform attention to methodology than has characterized the AID and IBRD approaches.

The interest in these studies runs heavily to priorities for government investment programs and projects, especially those amenable to financing by the sponsoring agency. They are usually limited to available data and seldom result in any continuing or follow-up activity in the country. In some countries, overlapping studies have been undertaken by different agencies in close time proximity but with little or no attempt at coordination. Governments and aid agencies have legitimate needs for appraisal of alternative sector strategies and identification of priority policies, programs, and projects. Achievements will be limited, however, as long as the studies consist primarily of recommendations from foreign consultants to external assistance agencies based on superficial study of inadequate data of dubious quality.

2) Sector modeling for policy analysis.

These are the relatively few longer-term efforts involving development and actual utilization of formal sector models in developing countries for policy purposes. The main examples are Mexico, Korea, Colombia, Egypt, Thailand, Tunisia, and Malaysia.

3) Development and testing of alternative methodologies for sector and subsector analysis, and research on key intra- and inter-sectoral relationships and factors in agricultural and rural growth processes.

This category includes a lengthy and diverse array of activities. The development of systems simulation model for Nigerian agriculture and application of recursive linear programming to the Punjab and southern Brazil are examples. Work on the theory of agricultural growth should be included because of its relevance to appropriate model formulation with adequate linkages between target variables and policy instruments. Work in several disciplines is needed to produce more efficient and reliable methods.

The improved selection among alternative policy interventions and public investments made possible by good agricultural sector analysis increases the potential for further and faster movement towards multiple LDC development goals. Agriculture is still so important in LDC economies that the magnitude of impact on national goals from better use of resources in this sector is potentially large. Moreover, the rural economy contains the bulk of the poor people and is the source of many of the urban poor, so that social pay-offs from programs that reduce rural poverty can be high.

Sector analysis should clarify the consequences of choices not only for LDC governments but also for assistance agencies. One product of analysis can be a more adequate strategy as a basis for selecting among alternative assistance investments, and a higher probability of useful impact from assistance activities. Both capital and technical assistance will be benefited.

Agricultural research is a good example of an area where sector analysis can influence resource allocation. Large and increasing research programs are being funded by national and international agencies in recognition of the key role of new technology in increasing agricultural output and improving productivity. There is need to direct this research to priority crops, regions, and problems; to complement the research with policies and services that promote rapid and widespread adoption of its results; and to bias the effects of the utilization of the technology produced in socially desirable directions through feedback from systematic evaluation of the results of its adoption at the farm level.

The potentials for various cost savings provide more explicit examples of the general benefits expected from this project. These could be large for LDCs and also substantial for assistance agencies.

- By definition, identification of more efficient alternative programs means lower costs to achieve a given goal.
- Even where the predictive reliability of sector models is not yet high regarding specific effects of alternative actions, sector analysis can forestall the waste of investment that occurs from pursuit of program choices that are mutually inconsistent. This is very common in LDCs, and often very costly. Even simple models with low predictive reliability can make it clear that A, B and C can not be done together.
- An appraisal of available program options increases the prospects for decreasing management and operational costs or particular programs because it calls for detailed specification of the nature and timing of the inputs required for each program output, and of the dependence of one action upon others. By analyzing these inter-relationships within the framework of an internally consistent system, costly omissions and errors in implementation can be forestalled. If program A generates demand for inputs that must be provided by other means, identification of this dependence can indicate possible shortages and bottlenecks in the supply of essential inputs. If the success of A depends upon doing B as well, discovery of this interdependence can forestall disappointment in the implementation of A alone or the discovery that A is inadequate to achieve the specified goal.
- Another major saving potential is in the cost of data collection and use. LDCs already spend large sums for this purpose, often encouraged by international agencies and other donors as well as by internal needs. Costs for large-scale data collection are rising rapidly. Unfortunately, much of the data is not very useful for the pursuit of development goals. The provision of an analytical framework that indicates the specific kinds of data that are needed to produce the analyses required to support decision making permits LDCs to pinpoint more precisely their actual data requirements.

At the least, this should increase the average yield from data expenditures. At best, it will eliminate much wasted expenditure.

- Comparable to the data case, LDCs (and aid agencies) waste surprisingly large amounts of money in a discrete series of poorly related, low quality, start-and-stop analysis and planning efforts. Policy makers tend to demand quick answers to policy and program option questions, which is often necessary but which almost as often produces bad answers due to a lack of a systematic analysis of the pertinent factors by personnel trained to do it well. Usually, this analytical capacity can not be created quickly, or even in a year to two, so that highly subjective methods are applied by inadequately prepared LDC and aid personnel. This description too often applies to much of the analysis done for project selection as well as other policy work. The reliability and usefulness of the results are often comparatively low, even when professionally competent foreign advisors are used. As a result, the credibility of policy analysis, and sector planning in general, is damaged so that it becomes harder to obtain support for the longer-term and more systematic analytical approach that is needed to do a good job. By gradually building up, keeping current, and improving a suitable array of models of agricultural and rural sector processes, the costs of responding to short-term analytical requirements of policy makers and planners can be reduced and the quality and consistency of responses much improved. Costs are reduced because duplication of efforts to build the content of each analysis is avoided, the analysts themselves are better prepared for their task, and the results are not left aside after their immediate use but contribute to later analysis in a cumulative fashion.

Applications of the sector analysis approach--in some cases while formal models were under development--have resulted in a number of practically useful products (i.e., some of the potential benefits mentioned above are beginning to be realized).

- Substantial assistance has been given to LDC decision-makers on new loans and new technical assistance programs.
- The objective analyses of a broad set of policy options on agricultural price policies, taxes, land tenure, and related issues in relation to multiple goals are beginning to result in shifts in strategy and policy directions by LDC decision-makers.
- For external donors, such work has led to assistance activities with a sharper focus on equity goals, to greater objectivity in choosing assistance activities, to establishment of more objective criteria for evaluating further actions, and to requests from LDCs for further technical assistance to improve their planning and sector analysis capabilities.

Despite all these cited advantages, many LDC policy makers remain skeptical about the value of complex and longer-term analysis. Given this situation, there is a need to strengthen AID capacities to initiate and sustain dialogues on this whole subject with LDCs. Further project identification and development of capacity in this priority field must be supported by the resource base as proposed in this PROP.

During the past few years, AID has ineffectively attempted to depend upon existing regional bureau capacities while enlarging and utilizing U.S. professional capacity through the Technical Assistance Bureau. It has established a pool of U.S. professional talent through the 211(d) grant program. Research and GTS contracts have also been used to develop new approaches, add to our knowledge, and utilize U.S. capability in LDC situations.

Past performance in agricultural sector analysis work under the present set of arrangements has been in many cases inflexible and bureaucratic. The problems have made for bottlenecks in the actual delivery of assistance and aggravated the goal of securing and retaining top personnel in this field.

The Cooperative Agreement instrument and RSSAs/PASAs integrated with improved regional bureau staffing and methods of cooperation between the bureaus and TAB will provide a system that will:

1. support a combination of investigation, country applications and technical assistance to be performed in collaboration with LDC personnel.
2. organize a joint system of participants composed of AID and university and government professionals who are active collaborators in the program.
3. initiate long-term commitments between AID and specific university and government participants who have the experience, capabilities, and interest for continuous involvement in this work over a long period of time.
4. provide more flexibility in work content and budgeting procedures in line with changing program directions and requirements.
5. mobilize resources of government agencies such as USDA and the Bureau of the Census for long-term commitment to analytical tasks of interest to LDCs and AID.

VI. Project Planning, Activity Implementation and Evaluation

1. GENERAL

The major organizational participants contributing to activities under this project are: LDC agricultural sector and rural development planning units or other responsible authorities, AID (missions, regional bureaus, and TAB), U.S. universities, and cooperating U.S. government agencies. Approved activity within the project will not be just the program of AID, a LDC or a university, but a joint effort to which all the participants contribute resources and personnel, share in the planning, and have some responsibility in implementation. The central thrust always will be to improve the capacity of the LDC for program, policy and project analysis. Since the activity is joint, it will be planned, implemented, and evaluated collaboratively by all parties. This will require open and regular communication in which no party dominates. All major program elements will be jointly planned by all the parties.

When identifying and designing each approved activity, which is the basic program element within this project, it must be understood that each must be tailored to the current needs and capability of the LDC for analytical work. It will be just as ineffective to attempt to create an advanced sector model in a country which lacks the professional capacity to maintain, expand, and utilize it as it is to initiate farm and village level analysis where such capability is in place and more sophisticated aggregative model building is appropriate. This implies a need for thorough understanding of the country, its economy, its existing analytical capability and activities, its policy decision-making matrix and current programs and policies, as a basis for planning activities. Only after these are known can U.S. personnel be matched to LDC analysts in a way which complements LDC resources but does not replace them with U.S. talent.

Inasmuch as this project creates a new style of operation for the Agency in working with universities and among its bureaus, the structure and distribution of responsibilities and functions is necessarily tentative and experimental. Although it is anticipated that the project will initially operate under the structure and procedures shown in Table I, and discussed below, needed adjustments will be made as experience is gained with the collaborative style to better achieve the project's purposes and goals.

TABLE I

ACTIVITY PLANNING AND IMPLEMENTATION

W - Work is Done N - Must be Notified A - Approves
 S - Supervision Over C - Clears R - Reviews
 Work

<u>Organization</u>	<u>Regional Bureau Office</u>	<u>Assigned Mission Staff</u>	<u>LDC Planning Agency</u>	<u>LDC Activity Leader</u>	<u>AID Activity Leader</u>	<u>Bureau Activity Monitor</u>	<u>Chief ESP</u>	<u>Agricultural & Rural Sector Planning Committee</u>
<u>Functions</u>								
<u>Planning</u>								
Country Activity Identification	W/A	W/A	W/A				R	R
Country Activity Design and Development	W/A	W/A	A	W	W	W	/A	R
<u>Implementation</u>								
Annual Plan of Work & Implementation	A	A	A	W	W	W	S	R
Travel Clearances & Documentation	C	C	C	W	W	C	N	-
Final Report	A	A	A	W	W	S	S	R
<u>Evaluation</u>								
Annual Review	R	R	R	W	W	S	S	R
End-of-Activity Review	R	W/A	W	-	-	W	W	R

2. ORGANIZATIONAL FUNCTIONS AND RESPONSIBILITIES FOR ACTIVITY IDENTIFICATION, DESIGN, APPROVAL AND IMPLEMENTATION

Activity Identification

Within each regional bureau, a specific office will be designated as responsible for executing decisions taken by bureau leadership in terms of which countries and subjects should be objects of serious exploration concerning economic analysis for agricultural and rural sector planning.

That office will work with assigned mission staff and with TAB in exploring activity possibilities with appropriate LDC personnel. They will develop documentation for the proposed activity resembling the current PID for mission, LDC and regional bureau review and approval and for TAB and Planning Committee review.

Activity Design and Development

Once documentation resembling a PID is approved by all concerned, TAB will designate a design leader who will work with the regional bureau, mission, and LDC in developing a detailed plan for activity content, implementation, financing, etc. This will be in the form of a paper resembling a PP to be reviewed and approved by the LDC, mission, regional bureau, and TAB.

A project to be implemented through the Expanded Program system of cooperative agreements may be designed independently of the system and recommended for this implementation mode at the time a PP is approved. Similarly, an activity may be designed under the Expanded Program but be implemented as an independent project through an AID or third-party contract, or a grant. The proposing regional bureau (or TA/AGR in the case of central bureau activities) will recommend the particular implementation at the time the PP is presented for substantive approval.

Research conducted under this project will be submitted periodically to the RAC for review, and major new research projects will receive normal RAC consideration.

LDC Planning Agency

Ideally, the LDC Planning Agency will be that agency, office, or group that is effectively responsible for agricultural and rural development sector and sub-sector planning and analysis. It is of little consequence where it lies in an organizational chart, but it should be that office to which policy makers turn when seeking analysis of alternative agricultural and rural development projects, policies and programs. Together with mission/bureau, ESP, university and RSSA/PASA representatives, the LDC planning unit will collaborate to identify needs, plan activities and carry them out. Clearly, this will require open exchange, a give and take, so that progress will be made in improving the capability of the LDC unit and the analytical methodologies available to it, and at the same time, meeting the objectives of the other participants.

The LDC planning agency will participate in planning of the activity, designate and supervise its staff members who will work in it, and participate in the final review. At appropriate points, as indicated on Table I, it will exercise approval and review functions. If the activity is approved by all concerned, it may also designate the LDC activity leader.

LDC Activity Leader

The LDC Activity Leader will supervise and direct LDC participation from the activity design stage onwards. He will be selected by the LDC Planning Agency through joint consultation between the LDC, mission, regional bureau, and TAB, and will work in conjunction with an AID Activity Leader in the implementation of the approved activity and will supervise and direct all work of other LDC team members. Among his many functions, he will be jointly responsible for activity implementation and preparation of reports.

AID Activity Leader

Together with the LDC Activity Leader, the AID Activity Leader is responsible for work on implementation and evaluation of the activity. Selection of the AID Activity Leader will be according to previously agreed criteria through joint consultation between the LDC, mission, regional bureau, and TAB. The AID Activity Leader will be selected from personnel among the ESP, AID bureau or mission, U.S. government agency or university staff. The activity leader will be a bureau or mission staff member when the U.S. activity components are carried out by mission or bureau personnel supplemented by limited ESP resources. Where the activity leader is not from ESP, ESP will appoint a technical manager to monitor the technical substance of each activity.

The AID Activity Leader, subject to technical supervision by ESP, will be responsible for jointly implementing the activity, directing the U.S. team, preparing reports and plans of work and otherwise making the day-to-day decisions inherent in the activity.

Primary responsibility for conceptual and methodological activity components will rest with the AID Activity Leader.

Chief - ESP

The Chief, ESP, has general responsibility for all technical and management aspects connected with each activity. As such, he supervises ESP program managers and AID activity leaders; and he is responsible to each regional bureau for performance. In addition to already mentioned responsibilities, he is specifically charged with chairing the Agricultural and Rural Sector Planning Committee which will constantly review all activities at their various stages of identification, development, design, and implementation (see Section VI. 4).

ESP Program Management

The ESP Division will also provide administrative management for each activity and cooperative agreement. The ESP Program Manager will work in conjunction with each of the activity leaders and bureau activity monitors who provide substantive management and participation. Because

any one activity may involve several cooperators who are working under different cooperative agreements, the program manager, activity monitors, and activity leaders must continuously coordinate their activities.

The ESP Program Manager will participate in activity planning and will be responsible for budget preparation and fiscal planning as well as documentation. In this work he will be assisted by each regional bureau where appropriate.

Missions/Regional Bureaus

Among the U.S. parties collaborating in this project, the regional bureaus and missions play a pivotal role in the identification, development, and design of activities for they are the best informed of LDC needs, most familiar with LDC governmental structures, and in best communication with LDC personnel.

If the activities under this project are to be successful, they must be an important element in LDC, mission, and bureau programs, important enough to justify the expenditure of their scarce resources.

Generally, missions and bureaus are responsible for initial identification of activities, funding in-country activity components, assuring that the activity meets the needs of the LDC in scope and timeliness, and that it fits within bureau/mission programs. The mission/bureau will participate in activity planning at all stages, monitoring of implementation, and evaluation.

Mission/Bureau Activity Monitoring

Activity monitoring will be carried on by each regional bureau for each activity in order to assure that activity scope and timeliness meet bureau, mission, and country needs and specifications. The choice of activity monitors, to be drawn from regional or mission staffs, will be considered in the context of an individual activity, its content, geographic breadth, the staffing situation in the bureau, and the bureau's mode of organization. Regardless of physical location, activity monitoring provides guidance and supervision to the activity leaders to assure that the outputs relevant to country needs are achieved in a timely fashion and in a manner conducive to their utilization and implementation. Activity monitors participate in activity design and development, preparation of annual plans of work, participate in evaluations, and contribute to annual activity reviews. Activity monitoring functions include coordination of all in-country activities, clearing travel plans, and documentation for mission/bureau-funded components.

3. COOPERATING UNIVERSITIES AND U.S. GOVERNMENT AGENCIES

U.S. activity team membership will be drawn from universities, government agencies and private organizations under Cooperative Agreements and RSSAs/PASAs. The Cooperative Agreement approach (1) provides for a combination of applied research and technical assistance to be carried out in collaborative mode with LDCs; (2) provides for effective mutual participation in planning and operations by AID and the universities and agencies-- to make the universities and agencies and their participating staff a part of the system rather than recipients of it; (3) provides for mutual long-term commitments of AID and university and agency professionals; (4) provides for flexibility in work content and budgeting and rapid response to change in work direction called for by such factors as new program directions or analytical needs, new research findings, new breakthroughs, opportunities and problems; and (5) provides for designating the specific professionals to be engaged in mutually agreed work.

The cooperative arrangement will require two implementing documents, the Basic Memorandum of Agreement and the Cooperative Agreement. AID will first execute a Basic Memorandum of Agreement with the university. This is long-term umbrella agreement in the style of AID/RSSA agreements. It establishes the mutuality of purpose and objectives; establishes the method of working together, i.e., by the use of subordinate cooperative agreements, and; states the desire and intention on the part of both parties for talent sharing in making university personnel available for direct assignments to AID positions and vice versa, pursuant to the provisions of the IPA or such other authorized mechanisms which are or may become available.

The Cooperative Agreement will specify the kinds of work to be carried out, i.e., collaborative technical advisory work with LDCs, analysis for AID and methodological work on sector analysis; it specifies the participating AID and principal university employees; provides for the development of an annual joint work plan; and provides for joint resources to be made available to finance the work. (See Attachment 4 for samples of a Basic Memorandum of Agreement and a Cooperative Agreement.)

The project is designed to attract the participation of competent and experienced professionals in the universities who will be designated by name. Research assistants will be used as direct contributors to the applied and methodological activities. In general, support for graduate students will be limited to advanced degree candidates who have completed preliminary requirements and who are engaged in research and technical assistance work under an activity.

The process for university selection is outlined in Attachment 6. Criteria for selecting universities for inclusion in the system are: (1) availability of high-quality professional talent experienced in sector analysis or complementary activities, (2) program commitment and active interest in LDC rural and agricultural development, and (3) agreement that cooperative work with AID is consonant with the university's purposes. Initially, it is anticipated that cooperative agreements will be undertaken with those universities which have resources available to work on AID-funded activities. As existing arrangements with other universities lapse

(211(d) grants, research contracts, PASA arrangements, general technical service contracts), these resources will be brought into the system following the same criteria applied to other universities. Recognizing that smooth transition from 211(d) grant to cooperative agreement requires substantial planning, the four universities--Michigan State, Iowa State, Minnesota, and Cornell--whose 211(d) grants terminated at the end of FY 1975 received one-year grant extensions to provide for the orderly utilization of the capacity created by the grants in the current project subject to the selection process.

A single activity might be carried out by several cooperators each of whom might be operating under Cooperative Agreements at different universities, although there probably would be some grouping at individual campuses to facilitate coordination where appropriate. The activity leader will provide leadership, guidance, and coordination to the team, together with the activity monitors, assessing that the outputs are delivered in appropriate form, phasing, and place. The cooperators would also be expected to have continuing responsibility for applied methodological activity and to make available some of their time for relevant but limited short-time advisory assignments. These short-term assignments would be undertaken as mutually agreed, but it is anticipated that only those short-term requests which are directly related to an existing activity or which may lead to the establishment of a new activity would be undertaken under this project. ESP will decide which short-term assignments to fulfill in response to mission/bureau requests, taking into account the time frame, compatibility with country-problem expertise, and the potential for a new long-term activity to result from the short-term assistance.

ESP will be responsible for identifying resources and developing Cooperative Agreements and RSSAs/PASAs in consultation with the regional bureaus. The specific specialization of the participating individuals will be determined by the nature of the activity and initially will emphasize economists concerned with agricultural and rural development problems. However, as the project reaches maturity, the cooperative staff will be expanded to include anthropologists, sociologists, other social scientists, statisticians, operations research specialists, and physical and biological scientists as needed for the inherent multi-disciplinary nature of many of the activities to be implemented under this project.

4. AGRICULTURAL AND RURAL SECTOR PLANNING COMMITTEE

The mechanism for facilitating coordinated policy development by missions, bureaus, TAB, and the universities in the planning, implementation and evaluations stages is the Agricultural and Rural Sector Planning Advisory Committee. This Committee will be responsible for reviewing project activities and advising TA/AGR as to whether it believes they are consonant with AID and university objectives and goals. It will bring together representatives of each regional bureau (4), PPC (1), TAB (3, including Chief of ESP), universities, other government agencies (4), and a public representative (1). The ESP Chief acts as chairman. A proposed charter for the Committee is contained in Attachment 4.

The Committee will recommend policies for the project, including criteria for selection of activity workload, for professional manpower utilization and development, and for activity reviews. These will be subject to approval by each regional bureau. It will recommend priorities for methodological development, it will review all activity plans, implementation, and evaluation and make appropriate recommendations to TA/AGR and the regional bureaus. It will consider and review proposals from responsible AID offices for additional work and recommend how they can best be carried out within available resources. Decisions on allocations of resources and approval of specific activities will be the responsibility of AID in accordance with the terms of the cooperative agreement with the applicable university.

The Advisory Committee will be available for consultation regarding all projects or proposals which involve agricultural and rural sector planning whether or not they will be implemented through the Expanded Program. The only budget discussions to be held with the Advisory Committee will be as to the appropriateness of a budget for a specific activity from a technical adequacy point of view. The Committee's terms of reference will not otherwise involve budget questions or the total amount of resources to be allocated to the system.

Activity leaders will annually evaluate each activity for progress towards the achievement of activity methodological, programmatic and institutional goals. End-of-activity reviews will be conducted by the LDC planning agency mission, bureau, and ESP following guidelines suggested by the Planning Committee and as amended by each regional bureau to fit local and regional policy situations and criteria.

3. PROJECT IMPLEMENTATION

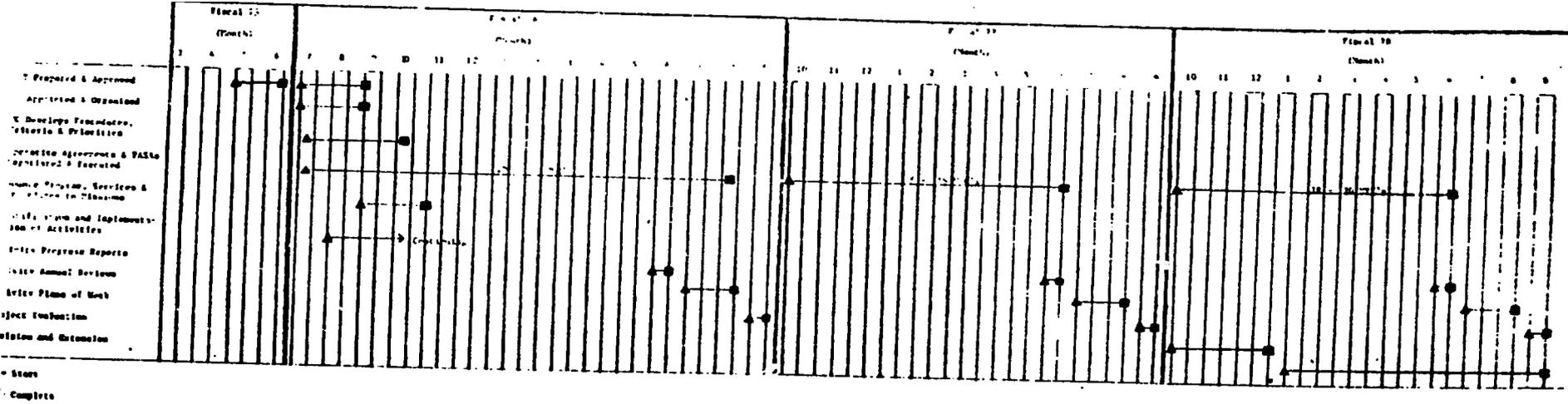
Table II summarizes the phases of project implementation. First efforts will be directed at establishing the Planning Committee and selection of universities for the initial Basic Memoranda of Agreement to be signed early in FY 76. Over the succeeding months the Committee working with the regional bureaus will develop procedures and priorities for the project and the initial Cooperative Agreements will be implemented in coordination with the initial activities under the project.

New activity demands will be considered, alternatives assessed, and activities planned as they are identified throughout the year. Major activities will be approved by AA/TA. Once a year an annual substantive submission will be prepared by AGR/ESP which will detail the activities which have been approved, are under implementation, and are being proposed. This plan will be approved by the Assistant Administrator for Technical Assistance after consultation with the regional bureaus and will be the basis for the Technical Assistance Bureau's program submission.

Allocation of approved budget resources among the universities (cooperative agreements) and government agencies (RSSAs) will be dependent upon each year's projected workload and will be the subject of annual agreements which will be arrived at through technical review and consultation with the Planning Committee, signature of PIO/Is by the TA Bureau Program Office, and negotiation/signature of the annual agreements by SER/CM.

New activity demands will be considered, alternatives assessed, and activities planned beginning the last few months of each fiscal year. Recognizing conversion of existing contracts to the new system may require substantial restructuring and redirection, it is proposed that this be done gradually completing the process by the end of fiscal 77.

FIGURE 11
PROJECT IMPLEMENTATION SCHEDULE



During the FY 76, Cooperative Agreements and RSSAs/PASAs are to be negotiated making available 14-15 man-year equivalents (MYEs). Additional Cooperative Agreements and RSSAs are to be negotiated to make available a total of 16-18 MYEs and 18-20 MYEs in fiscal years 77 and 78, respectively. Limits in ESP management resources and available sources of these services will probably dictate maintaining this level of effort in subsequent years.

The Expanded Program of Economic Analysis for Agricultural and Rural Sector Planning will be evaluated after the completion of two fiscal years of operation during the first few months of FY 78. Any evaluation prior to that would be premature as it is unlikely that a sufficient number of activities would be underway to assess and generalize upon their impact.

The evaluation is to be undertaken by TAB, PPC and the regional bureaus following normal procedures. The effectiveness and viability of the Cooperative Agreement mechanism will be evaluated as a part of this comprehensive review.

6. COORDINATION WITH OTHER DONOR AGENCIES

A proposal for a Program of International Cooperation on Agricultural Sector Analysis (PICASA) has been developed by FAO, IBRD and AID. A meeting was held January 15-17, 1975 to consider the preliminary proposal. It was attended by the three agencies already active in the field and by other assistance organizations that were interested in getting involved. A strong consensus on the value of organized collaboration in this field emerged from the discussions. This consensus reflected recognition that there is growing need and that agricultural sector analysis activities are likely to expand and become quite significant over the next decade.

It was agreed to develop a final proposal for PICASA that would involve a small high-quality staff diffusing information on methods and experience in sector analysis to help LDC select and implement appropriate approaches. Expert assessment of substantial projects and assistance in arranging technical assistance for LDCs are also likely to be involved. It is expected that PICASA will be controlled by a board that would control a core budget and a secretariat. A FAO Trust Fund will likely be established to receive contributions from donor agencies to the core budget.

This project foresees support of this new international initiative but does not include specific funding for it. It is consistent with AID emphasis on "network" relationships. It will provide an opportunity to raise collaboration onto a higher plane and attract broader-based donor support for sector analysis activities. Even more important, success of PICASA will increase the awareness of LDCs of the needs and opportunities for strengthening their capabilities. Eventual AID support, as decided under a separate proposal to be submitted in FY 76, should be provided for an initial three-year period with a comprehensive evaluation during the third year to decide on continuing participation and support.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: Page 30
From FY 76 to FY 78
Total U.S. Funding \$5,000,000
Date Prepared: 5/15/73

Expanded Program of Economic Analysis for
Project Title & Number: Agricultural and Rural Sector Planning

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS												
<p>Program or Sector Goal: The broader objective to which this project contributes: To improve the performance of the agricultural and rural sectors in LDCs in achieving their overall economic & social development objectives through systematic use of economic and related social science analysis in identifying, designing, implementing and evaluating priority policies, programs, and projects.</p>	<p>Measures of Goal Achievement: 1. Economic & other social science analyses as components of dynamic systems linking agriculture and the rural sector to the overall economy. 2. Results of analyses & evaluations performed by LDC personnel systematically applied in policy & program design & implementation by LDC governments, AID, & other donors. 3. On-going evaluation of LDC policies & programs, by LDCs.</p>	<p>1. Published LDC reports assessing impact of analyses. 2. LDCs' increasing financial support and staffing of their planning agencies. 3. Increased LDC awareness of the relationship between their analytical activities and their multiple goals.</p>	<p>Assumptions for achieving goal targets: 1. Both LDCs & AID are interested in improved policy analysis applied to agricultural-rural sector programming, planning, & plan implementation. 2. Improved analysis will lead to integrated policy development & implementation resulting in more efficient allocation & utilization of resources by LDCs & AID. 3. More equitable distribution of benefits with LDCs. 4. Different types of analyses can be utilized by LDCs to rapidly improve policy analysis & implementation & to provide the basis for longer term commitments to expanding analytical capabilities.</p>												
<p>Project Purpose: To expand and strengthen the capability of LDCs to identify and analyze the consequences of alternative policies, programs, and projects for agricultural-rural development.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status: 1. Increased staffing and strengthened analytical capability of LDC personnel. 2. Organizational units in LDCs effectively linked to LDC policy-makers with adequate staff & budget to do analytical work. 3. Joint AID-university system that can effectively provide U.S. professionals to collaborate on a wide variety of country-specific, problem-oriented analyses.</p>	<p>1. The number and level of training of LDC personnel. 2. Policymakers' request for more analyses from planning agencies and their use of such analyses for policy design and implementation. 3. Signing of Memo of Understanding & Cooperative Agreements with U.S. universities & establishment of RSSAs/PASAs with U.S. government agencies.</p>	<p>Assumptions for achieving purpose: 1. AID & LDC planners recognize systematic analysis as a vital part of policy making. 2. AID & selected LDCs will be able to collaboratively develop & apply analysis that will be effectively utilized in development policies & programs. 3. U.S. professional analytical expertise will not be used to substitute for the development of LDC analytical capacity. 4. AID can successfully mobilize U.S. personnel & utilize their talents so that assumptions 1-3 are satisfied. 5. LDCs' adequate continuity of support to meet long-term commitments for the professional staff and to longer term analytical tasks.</p>												
<p>Outputs: Collaboration between LDC professionals and U.S. specialists in the following activities: 1. Country sector & subsector analysis; 2. Short-term policy analysis and related advisory services; 3. Methodological research.</p>	<p>Magnitude of Outputs: 1. An increase in LDC professionals trained in applied policy analysis. 2. LDC implementation of analyses of the agricultural-rural sector and subsector. 3. Experienced U.S. & LDC professionals collaborating on analysis of LDC problems. 4. Alternative methodological approaches to agricultural-rural development analysis & planning developed, evaluated, & being used by LDC professionals effectively linked to policy determination & implementation. 5. AID-assisted LDCs operating agricultural-rural development programs based on systematic analysis.</p>	<p>1. The increase in LDC professionals with formal and on-the-job training. 2. The number & types of sector & subsector analyses completed. 3. The number & quality U.S. professionals working under Cooperative Agreements & RSSAs/PASAs. 4. Increase in the number & improvement in operational capability of alternative methodologies. 5. Plans, programs, & projects selected on the basis of their impact on LDC multiple goals. 6. Evaluation reports, seminars, & other dissemination activities.</p>	<p>Assumptions for achieving outputs: 1. Regional Bureaus & their Missions will work with TAB to identify those LDCs where analyses & analytical capacities are both needed & in growing demand. 2. TAB can develop a resource base to support Regional Bureaus & Missions as in Assumption 1. 3. TAB can assemble long-term U.S. staff resources through a cooperative staffing process involving U.S. universities & other analytically oriented U.S. public & private organizations. 4. AID will be able to rapidly utilize Regional Bureaus & Missions & to effectively monitor & interact with qualified U.S. & LDC professionals. 5. LDC personnel available & willing to participate in analytical activities. 6. Once committed to analysis capacity development, LDC resources (staff & program support) will be adequate.</p>												
<p>Inputs: 1. LDC & U.S. professionals; 2. Salaries of, and other support for, LDC professionals by LDC gov't agencies; 3. Management & professional inputs by USAID missions, AID regional bureaus, & IA/AGR/ESP; 4. Economists & other social scientists via cooperative agreements with U.S. universities & other organizations, and via RSSAs/PASAs with U.S. gov't agencies; 5. Information control & project management by an Agricultural and Rural Sector Planning Committee.</p>	<p>Implementation Target (Type & Quantity)</p> <p>Budget: (\$ millions)</p> <table border="1" data-bbox="607 1224 996 1350"> <thead> <tr> <th>Year</th> <th>Amount</th> <th>Man-Years</th> </tr> </thead> <tbody> <tr> <td>FY 76</td> <td>1.3</td> <td>14-15</td> </tr> <tr> <td>FY 77</td> <td>1.8</td> <td>16-18</td> </tr> <tr> <td>FY 78</td> <td>2.0</td> <td>18-20</td> </tr> </tbody> </table>	Year	Amount	Man-Years	FY 76	1.3	14-15	FY 77	1.8	16-18	FY 78	2.0	18-20	<p>Memoranda of Understanding and Cooperative Agreements with U.S. universities and RSSAs/PASAs with U.S. government agencies; approved activity plans; mission/bureau FFs.</p>	<p>Assumptions for providing inputs: 1. TAB's cooperative agreement arrangement will be sufficiently operationally flexible. 2. The number of AID direct-hire staff will not be sufficient to perform the expanded LDC analytical tasks. 3. TAB will obtain enough additional staff to operate the expanded system. 4. LDCs will gradually assume the responsibility for financing the operating expenses for the in-country components of activities.</p>
Year	Amount	Man-Years													
FY 76	1.3	14-15													
FY 77	1.8	16-18													
FY 78	2.0	18-20													

BEST AVAILABLE COPY

Attachments:

- Attachment 1 - Report of Working Group to Research and Development Committee**
- Attachment 2 - Minutes of Research and Development Committee Meetings of November 26, 1974 and January 8, 1975**
- Attachment 3 - Memorandum from GC, Charles L. Gladson, 2/26/75, "Use of Cooperative Agreements in 'Proposed System for Providing Assistance in Agricultural Sector Analysis Work'"**
- Attachment 4 - Samples, Basic Memorandum of Agreement and Cooperative Agreement**
- Attachment 5 - Charter for Agricultural and Rural Sector Planning Committee**
- Attachment 6 - Process and Criteria for Selection of Universities for Entering into Basic Memoranda of Agreement**

ANNEX B

ORIGINAL TOR - LASA

TERMS OF REFERENCE

LESOTHO AGRICULTURAL SECTOR STUDY

A. Introduction

Agriculture, due to its direct impact on nearly all citizens, is by far the most important sector in the Lesotho economy. It has not, however, been the subject of a systematic and comprehensive analysis. Thus, while large investments continue to be made, new projects implemented and on-going activities supported, there is uncertainty that these investments are and will be utilized in the most efficient manner to achieve desired ends. Given Lesotho's position as a poor country, her limited resource base, growing population and food deficit position, it seems particularly critical for responsible Government of Lesotho (GOL) officials and interested donors to have up-to-date information on which to make decisions regarding future agricultural investment and development. This sector study should provide that information and the analytical support for alternate courses of action in national development over the next decade.

B. Objectives of the Study

The study should identify the optimum or best possible growth path for the near future (three-five years), given present conditions and constraints. It should also assess, inter alia, the broad consequences and requirements (manpower, investment, etc.) of this growth path in light of different policies and programs for the longer term (three-ten years). These policy and program alternatives should be analyzed to show required inputs and expected outputs for each; the analysis must include careful cost data and a full examination of cost effectiveness. The study's recommendations will be based upon this assessment and analysis. Equally important, the study should be conducted in such a manner, using formal and on-the-job training, as to develop within the GOL a capacity to carry out and update such analyses continually, with lessened dependence on full time expatriates.

The sector analysis must address several basic and pervasive constraints/issues which impinge upon and influence all facets of agricultural development in Lesotho. These areas should be covered independently in the report but of even more critical importance, their effect on alternatives must be examined. Following, not necessarily in priority order, is a brief discussion of these problems.

1. Land and Water Conservation/Reclamation

Given the obvious, serious problem and the checkered history of donor/GOL experiences, and AID's current involvements, it is clear that any set of alternatives involving land, crops and livestock must have conservation

relationships structured at the outset and not treat conservation as an afterthought, as a unique subject in isolation or as a normal result of existing management practices.

2. Manpower

Due to the unique nature of the rural labor force in Lesotho (about three-fifths of able-bodied adult males work outside the country), it is essential to assure that manpower issues are considered as alternatives are analyzed. This may represent one of the most difficult variables to deal with in a sector study, but it is clearly one of the most important issues affecting implementation of programs/projects. Among key issues needing review to assure that the study is sensitive to and tempered by an understanding of manpower problems are (a) evaluation of the real significance of rural income as an alternate to outside employment, (b) a clear understanding of the decision-making process on the farm and the role of women in such processes, (c) an analysis of the place for capital as a substitute for missing labor, and (d) implications of the alternatives proposed on total labor requirements and peak labor needs. It is essential at the outset that alternatives analyzed be explained in relation to the need to bring men back into the local labor pool, to better utilize the existing labor force or to recommend wholly new combinations of capital and labor.

In the context of manpower issues, the alternatives analyzed must also take account of needs for low, middle, and technical level skills. Given Lesotho's small secondary school output, these factors must be carefully weighed to assure that the alternatives can really be implemented. Dependency on outside technical help must also be weighed, costed and analyzed in terms of the effect on the growth of local capacity.

3. Livestock

In the Lesotho environment, both physical and cultural, livestock (primarily cattle, sheep and goats) is not a separate issue but is wholly co-involved with any alternative to be reviewed. No use of the land resource base can be realistically considered until the place and role of livestock has been dealt with. The overall size and composition of the livestock component of any alternative as well as proposed modification in the management systems have far reaching implications for other issues such as government policy, national and local implementation capacity, conservation, labor force, skills required and education (as herd boys may be freed for school). These factors, together with the sociological implications of such change, must be included in any realistic recommendations for action.

4. Risk and Climate

The variable climate of Lesotho tends to increase risk and cause serious constraints to the adoption of new crops or systems. This issue must be carefully considered as alternatives are developed.

5. Marketing

Alternatives analyzed must take into account and be sensitive to the relationship between Lesotho and South Africa vis-a-vis types of crops, agro-industrial development, cost/subsidy issues, etc. Such analysis must reflect Lesotho's desires and relate to the real opportunities available within the local trading area and farther afield. Analysis must also realistically appraise the needs and expectations for capital, for distribution and marketing outlets and for institutions. The relationship and role of the private sector to the changes considered and to the problem of internal transport must also be considered. Experience of the GOL in rural access roads or tracks is highly relevant and should be noted in analysis of marketing needs.

C. Additional Specific Topics to be Covered

While the specific detailed structuring of the study is expected to be the first step in the process and co-involve the contractor, the GOL and OSARAC, the GOL has already listed a number of points on which they need information from the study. These are set forth below and in Section D.

1. The Current Role of Agriculture in Lesotho's Economy.
2. Recent Sector and Sub-sector Growth (Absolute and Relative).
3. The Resource Base of Lesotho's Agricultural Sector.
4. The Institutional and Infrastructure Base (e.g. Input Supply, Marketing, Credit, Extension, etc.)
5. The Technology Base.
6. Manpower for Agricultural Development (Population, Labor, Effect of Health-Education Factor, Trained Manpower).
7. Other Factors (Economic or Non-economic) which Affect the Sector's Possible Development.
8. Future Requirements on Lesotho's Agriculture (Food, Raw Materials, Export Earnings, Employment).

9. Constraints to Sector Growth - Significance and Priority.
10. GOL Plans and Objectives for the Sector - Realism, Desirability (e.g. Macro-economic Considerations) and Alternatives.
11. Role of Donors, Including AID.
12. Current Development Projects - Their Success, Impact, Suitability, Given Problems and Possible Replicability.
13. Possible Future Directions for the Rural Sector.
14. Alternative Rural Development Strategies with Implications and Requirements of Each.
15. Suggested Projects and Activities for Donor Financing with Cost Estimates.

In covering the above topics it will be particularly important to discuss income distribution and employment and sociological implications of various alternatives. Also, as noted in Section B, in developing alternatives and recommended strategies, it will be necessary to examine the probable future relationship with South Africa (particularly as an input source and as a market) and the effect of an independent Transkei. To the maximum extent possible, all analysis should be costed and quantitatively supported.

D. Important Sub-Sectors, Fields and Questions

1. Cropping Patterns and Profitability

With a view to introducing and establishing the most profitable cropping pattern:

- a. Assess the impact of proposals on the land resource base and the needs for conservation-related investments.
- b. Assess market prospects for promising agricultural products.
- c. Estimate the economics of production of these products under alternative farm management and technology assumptions.
- d. Review the present pricing policies (if any) and recommend pricing policies which would be consistent with optimum cropping patterns.

- e. Estimate investment and other means for achieving alternative cropping patterns.

2. Livestock

- a. To establish the best possible development of Lesotho's livestock sector, consider, inter alia, the impact of alternate proposals on the land resource base:
 - the priority which should be accorded to this sector in terms of allocation of resources and cost-benefit response;
 - investment requirements for particular improvement programs;
 - relative priorities and potentialities for such categories of animal production as dairy cattle, beef cattle, sheep and goats; milk vs. meat and wool vs. milk and meat;
 - desirability or not of up-grading animal breeds and introducing new ones;
 - requisite animal disease control measures;
 - range management and development;
 - mixed farming promotion; requisite policies and programs.
- b. Review present animal and animal product marketing and industrial processing activities and suggest improvements which may be necessary (e.g. wool and mohair, proposed abattoir, etc.).
- c. Analyze the role of traditional and other existing tenure and animal ownership practices, and the degree of adaptation involved and feasible to achieve various alternative development patterns.

3. Institutions and Policies

- a. Review the credit, subsidy and general fiscal institutional base as it affects agriculture and the rural countryside. Suggest improvement measures and requirements.
- b. Review existing and proposed marketing institutions and their

capability to facilitate the efficient marketing of agricultural inputs and outputs.

- c. Evaluate the role that the cooperative movement or similar farmer associations could play in agricultural and rural development.
- d. Evaluate governmental and private planning, administration and implementation capacity with special attention to training requirements, both on-the-job and through higher education.

4. Land Tenure and Reform

Analyze the land tenure and land fragmentation problem and consider what measures might be taken which would be consistent with development objectives.

5. Other Technical Issues

a. Capital Substitution

1) Assess the nature and extent of farm mechanization that may be desirable and suitable on the basis of its impact on manpower policy and its technical and economic grounds.

2) Analyze the existing types of machinery used their suitability and their unit costs.

3) Estimate the investment requirements and cost effectiveness of any type(s) of mechanization which may be proposed and indicate possible sources and methods of finance.

4) Evaluate the implications of mechanization on farming costs under alternative cropping pattern assumptions and farm management models and practices.

5) Review and evaluate GOL experiences in mechanization, especially as related to government-managed services. Evaluate the role of the private sector in mechanization.

b. Irrigated Agriculture

1) Evaluate the scale and potentialities of irrigable areas in terms of alternative combinations of crops and assess cost-benefit relationships flowing from pre-investment and investment needs for such development.

2) Consider separately the feasibility, technical requirements, impact on manpower and training and cost effectiveness of:

- (i) surface sources of irrigation;
- (ii) underground sources of irrigation.

3) Assess the rate of development and the degree of priority which irrigated agriculture should be accorded vis-a-vis rain-fed agriculture and livestock development.

6. Other-Related Issues

a. Agro-Industries

Identify promising agro-industries which may be established on a viable and profitable basis and make a preliminary evaluation of their investment needs including manpower training and related capital requirements. Also identify possible market outlets for products.

b. The Relationships Between Agricultural Development Options and the Broader Rural Development Process

1) Indicate the role of rural development and its importance and impact on constraints and conditions affecting successful agricultural development.

2) Review present GOL rural development policies and operations.

3) Assess rural development needs and suggest programs corresponding to the alternatives in the area of supporting services and infrastructure.

E. Implementation Method

Some of the above subjects and questions are already under investigation by the Government of Lesotho. To avoid duplication and ensure that the proposed study addresses the priorities of the government, it will be essential for the study to be planned, implemented and carried out in close collaboration and consultation at all stages with the Ministry of Agriculture, Marketing and Cooperatives (which will be the official GOL counterpart office) and the Central Planning and Development office.

A proposed plan of action follows: The activity is conceived as a two-phase study. The output of Phase I would be an agricultural sector

review (ASR). This would cover the resource base and an analysis of the critical issues and major alternatives open to Lesotho. The ASR would be of sufficient detail to permit the GOL and OSARAC to formulate their mutually determined agricultural sector programming strategy for the near future. At the end of Phase I a one-week conference would be held in Maseru attended by ASR authors and relevant personnel from AID, the GOL, and possibly other donors. Based on the results of these consultations, the conference would provide guidelines for a detailed scope of work for a Phase II sector analysis and training program. It is expected that Phase I would require about six months and Phase II 18-24 months.

F. Skills Needed^{1/}

Analytic and training skills will be needed for the study in the following areas:

1. Macro- and Micro-Agricultural Economics
2. Sociology/Applied Anthropology
3. Agricultural Manpower/Manpower Development
4. Conservation, Land Use
5. Agronomy
6. Livestock Production - both small and large stock
7. Range Management
8. Agricultural Research
9. Agricultural Institutions
10. Agricultural Marketing
11. Agricultural Credit
12. Agricultural Mechanization
13. Rural Roads
14. Statistics
15. Computer Programming

It is expected that a Team Leader and two additional team members will be provided for the full period. The remaining technical skills would come from TDY staff who would remain in Lesotho for periods of two-four months or from individuals available in Lesotho for short-term contracts. Necessary computer analysis would be done in the U.S.

It is essential that the team leader be professionally and technically well-qualified and in addition have a keen and sensitive understanding of the impact of the issues noted in Section B on the

^{1/} It is expected that most of the team members would be qualified in more than one analytic skill.

technological/economic/social facets of proposed alternates. Especially there is a need for in-depth understanding of social/cultural issues, the necessity to overlay conservation considerations on all analysis, the livestock-crops-land tenure inter-relationships and the fact that all proposals must be related to the overall manpower problem. Skills needed by the three full-term team members are as follows:

1. Macro-Micro-Economics
2. Manpower (including training)
3. Sociology
4. Technical Agriculture
 - a. Crops
 - b. Livestock
5. Administration

It is expected that combinations could be found to assure coverage of these skills by three long-term team members.

ANNEX C

LOGICAL FRAMEWORK

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project: From FY 76 to FY 79
Total U.S. Funds: \$1181.5
Date Prepared: 4/20/76 PAGE 1

Project Title & Number: Lesotho Agricultural Sector Analysis

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>to increase the capacity for the GOL to internally respond and rationally plan and program response to the issues of development as they are related to the macro-focus of international trade, institutional considerations and national production as well as the micro-focus of social development, equity for small farmers and the general welfare of its populace.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Five-Year Plan whose goals have been rationalized and integrated by trained Basotho personnel through economic and social analysis to identify optimal solutions by assessing alternative strategies and resource allocations.</p>	<p>(A-3)</p> <p>Existence of Plan reflecting increased analytical skills prepared by Basotho personnel.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <ol style="list-style-type: none"> 1. GOL has commitment to national planning. 2. GOL will make resources available for economic planning.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 76 to FY 79
Total U.S. Funding: \$1181.5
Date Prepared: 4/20/76

Project Title & Number: Lesotho Agricultural Sector Analysis

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose: (B-1)</p> <ol style="list-style-type: none"> To develop the capacity in the GOL to implement, update and utilize sector analysis as a planning tool in evaluating alternative strategies for economic and social development in the agricultural sector. Long-term relationship with university, department and personnel. 	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <ol style="list-style-type: none"> MOA utilizing sector analysis in formulation of future agricultural policy and programming strategy. University Department of Agricultural Economics and Department personnel with commitment to and knowledge of priorities and problems relating to the development of the agricultural sector in Lesotho. 	<p>3-3)</p> <ol style="list-style-type: none"> Continuing series of analytical papers prepared by Basotho personnel in GOL. Continuing utilization of university department and personnel by GOL after life of project. University publications relating to agricultural sector in Lesotho after life of project. 	<p>Assumptions for achieving purpose: (B-4)</p> <ol style="list-style-type: none"> GOL committed to economic and social development in the agricultural sector. Training to MS level leads to capacity for sectoral analysis. GOL will utilize trained Basotho personnel for sector analysis. Sector analysis is necessary component for planned economic and social development. GOL and university mutually desire long-term institutional relationship.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 76 to FY 79
Total U.S. Funding \$1181.5
Date Prepared: 4/20/76

Project Title & Number: Lesotho Agricultural Sector Analysis

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	(C-3)	Assumptions for achieving outputs: (C-4)
<p>1. Basotho personnel with M.S. degree in agricultural economics or related fields designed to provide sector analysis capacity in the GOL.</p> <p>2. Agricultural Sector Review (ASR).</p> <p>3. General agricultural and rural sector analysis.</p> <p>4. Basotho trained in the analytical skills of project design.</p> <p>5. Institutionalization and integration of data collection, data analysis and policy evaluation for the agricultural sector in Lesotho.</p> <p>6. Agricultural Development Planning Library in Lesotho.</p>	<p>1. 6 Basotho with MS degrees.</p> <p>2. 1 ASR prepared jointly by Basotho and US personnel approved by GOL.</p> <p>3. 1 ASA prepared jointly by Basotho and U.S. personnel approved by GOL.</p> <p>4. 6 Projects prepared by Basotho personnel.</p> <p>5. 1 GOL funded Plan to collect and analyze agricultural data on a regular basis.</p> <p>6. 1 Agricultural Library located in Maseru, Ministry of Agricultural and Co-operatives.</p>	<p>1. Existence of degrees.</p> <p>2. Acceptance of Phase I report by university, GOL and AID.</p> <p>3. Acceptance of Phase II report by university, GOL and AID.</p> <p>4. Projects approved by GOL and/or donor organizations.</p> <p>5. Agricultural sector data collected and analyzed on a regular basis by Basotho personnel in GOL.</p> <p>6. Existence of library in MOA</p>	<p>1. Assigned Basotho personnel have necessary background to be admitted into MS program.</p> <p>2. Basotho personnel have required ability to successfully complete MS program.</p> <p>3. Problems in Lesotho agricultural sector can be integrated into university masters program.</p> <p>4. University selected has capacity to prepare ASR and ASA.</p> <p>5. Data are available or can be obtained for ASR and ASA.</p> <p>6. Curriculum includes analytical skills necessary for project design.</p> <p>7. University selected has commitment and capacity to design and implement curriculum leading to MS degree.</p>
			<p>8. AID activity personnel have commitment and ability for necessary guidance.</p>

-32-

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: **Lesotho Agricultural Sector Analysis**

Life of Project: 76 to FY 79
From FY 76 to FY 79
Total U.S. Funding \$1181.5
Date Prepared: 8/20/76

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Inputs: (D-1)</p> <p>15 man-years of U.S. technicians in Lesotho.</p> <p>15 man-years of Basotho technicians.</p> <p>36-54 man-months participant training in U.S.</p> <p>1,000 books for library</p>	<p>Implementation Target (Type and Quantity) (D-2)</p> <p>1 US team leader, 36 months</p> <p>1 US development economist, 36 months (sociology)</p> <p>3 US data specialists, total of 42 months</p> <p>1 US marketing specialist, 12 months</p> <p>1 US labor-manpower-economist, 12 months</p> <p>1 US macro-economist, 12 months</p> <p>1 US sociologist, 15 months</p> <p>1 US farm management specialist, 12 months (livestock)</p> <p>1 US farm management specialist, 12 months, (crops & conservation) (cont'd page 2)</p>	<p>(D-3)</p> <p>American technicians devote 189 man-months to LASA</p> <p>Basotho planners devote 162 man-months to activity</p> <p>Basotho participants spend 54 months outside Lesotho at a university</p> <p>1000 books are available at the Ministry of Agricultural and Co-operatives</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>AID, GOL and a university will provide adequate resources and personnel to implement activity as designed.</p>

PROJECT DESIGN SUMMARY.
LOGICAL FRAMEWORK

PAGE 2

Life of Project:
From FY 76 to FY 79
Total U.S. Funding \$1181.5
Date Prepared: 4/20/76

Project Title & Number: Lesotho Agricultural Sector Analysis

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project inputs: (D-1),	Implementation Target (Type and Quantity) (D-2)	(D-3)	Assumptions for providing inputs: (D-4)

6 Basotho planners,
162-180 months

6 participant trainees,
36-54 months

1000 books related to
planning and economics

ANNEX D

PPT. LASA

Lesotho Lesotho Agricultural Sector Analysis 4/3/76

CPI NARRATIVE

1. 5/1/76 LASA Activity Plan Approved by Planning Committee, AID/AFR, and AID/TA. University and University Team Leader Selected.
2. 5/15/76 PIO/T forwarded to Contracts Office.
3. 6/30/76 Cooperative Agreement Signed by AID, GOL, and University.
4. 7/15/76 Annotated Bibliography Completed and Submitted to AID and GOL.
5. 7/20/76 Team Leaders arrive Maseru.
6. 8/1/76 Library bibliography completed and ordered.
7. 8/15/76 Scope of Work revised and approved by GOL, AFR/OSARAC, and AFR/DS, TA/AGR/ESP, and University must be notified.
8. 11/15/76 Micro aspects of ASR completed and reports drafted.
9. 1/1/77 Macro aspects of ASR completed and reports drafted.
10. 1/15/77 ASR, curriculum and Phase II Revised Scope of Work distributed.
11. 2/1/77 Workshop - Phase II Scope of Work approved GOL, AID, University.
 - 2/5/77
12. 3/1/77 Annual Plan of Work Approved.
13. 5/1/77 Remedial Course Work Completed.
14. 6/1/77 Micro Components of ASA Conceptualized Instruments designed and tested, sample drawn.
15. 7/1/77 Intermediate Macro Theory and Statistics Course Completed.
16. 9/1/77 Intermediate Micro Theory and Mathematical Economics Courses completed.
17. 9/1/77 Macro Components of ASA conceptualized Instruments designed and tested, sample drawn.
18. 10/1/77 Micro ASA data collected tabulated coded, punched.

19. 11/1/77 Sociology and Sampling Course Completed.
20. 11/1/77 Sociological Components of ASA conceptualized, instruments designed and tested, sample drawn.
21. 1/1/78 2 participants depart for campus.
22. 1/1/78 Advanced micro theory and production economics courses completed.
23. 1/1/78 Micro ASA data analyzed.
24. 1/1/78 Annual Review completed.
25. 2/1/78 Annual Plan of Work approved by GOL, AID, and University.
26. 3/1/78 Econometrics and development theory courses completed.
27. 4/1/78 2 participants depart for U.S.
28. 4/1/78 Macro ASA data collected, tabulated, coded, and punched.
29. 6/1/78 Social ASA data collected, tabulated, coded and punched.
30. 7/1/78 2 participants depart for U.S.
31. 9/1/78 2 participants return from U.S.
32. 9/1/78 Social data analyzed.
33. 10/15/78 Macro data analyzed.
34. 12/1/78 2 participants return.
35. 1/1/79 Annual Review Completed.
36. 2/1/79 Plan of work approved by GOL, AID, and University.
37. 3/1/79 2 participants return.
38. 4/1/79 ASA team reports completed.
39. 5/1/79 Development Planning course and 6 project plans completed.
40. 6/15/79 FINAL ASA report completed.
41. 6/30/79 FINAL ASA report approved and Final Review completed.

ANNEX E

SOW - PHASE I ASR

ANNEX E

Scope of Work for Lesotho Agricultural Sector Review

The scope of work presented in this annex is not intended to restrict the ASR and modifications can be made in the field, provided the university team leader, the MAL and OSARAC approve of the change. The methodology and analytical tools employed in the ASR must be no more sophisticated than that which the 6 Basotho personnel will receive during their studies leading to the MS degree.

Outline of ASR

I. Background

A. Annotated Bibliography on Lesotho Literature

The annotated bibliography will be based on a review of literature available in the U.S. and literature available in Lesotho. The entries should be cross-referenced by subject matter. From the annotated bibliography, specific entries shall be selected and placed on a required reading list for all LASA participants. Entries included on the required list must be part of both the Lesotho Agriculture Library and the University library. It is expected that both the annotated bibliography and the required reading list will expand throughout the ASR, and LASA participants are responsible for being up-to-date on these reading requirements.

B. Annotated List of Past and Present Agricultural and Rural Development Projects in Lesotho

The annotations, less than one page per project, should include pertinent facts about the project. Those facts include project purpose, age of project, probable causes of success and/or failure, number of Basotho participants and counterparts active in the project, cost of project, direct and indirect benefits and other relevant information. This is not intended to be an evaluation, but a central list of projects that have been or are part of development activities in Lesotho. The purpose is to have all LASA participants familiar with these activities. This list will also expand throughout the LASA activity.

II. The Agricultural Sector Environment in Lesotho

Section II discusses some of the more important aspects of the environment of the agricultural sector in Lesotho. Based on these environmental considerations, Section II establishes some objectively verifiable facts about the agriculture sector. It is hypothesized that

these facts and thus the environments discussed have causality linkages and intra-linkages to the major problems of the agricultural sector identified in the project description of this project. The ASR is to test this hypothesis and map the causality linkages.

A. Environment

1. Natural Environment

Lesotho is a mountainous country in the temperate zone of the southern hemisphere. It receives a seasonal heavy rainfall pattern and is composed of predominantly duplex soil types in much of its arable land. The implications of this for the agricultural sector are seasonal crops depending upon a variable annual rainfall pattern in a temperate climate. The percentage of arable land is low (13%) with more land, primarily suited for livestock grazing. Due to the topography, the national transportation system is limited and most roads provide access to points outside Lesotho rather than to each other. Finally, the topography, combined with heavy seasonal rainfall and soil types, means that Lesotho's land is very susceptible to erosion.

2. Social Environment

The traditional cultural environment in Lesotho is complex with many individual variations. The following comments are obviously superficial and incomplete. The society can be characterized as being male-dominated with sex-linked agricultural activities and communal land ownership. The value structure encourages cattle ownership which serves as a prestige factor and a storage of wealth for future generations. For the agricultural sector in Lesotho, this social environment implies private ownership of cattle with common ownership of pasture which has led to over-grazing. This situation has been a cause of serious problems of soil erosion. Since men are responsible for cattle, many of the young boys are used as herders, thus preventing them from attending school. Crop production has a lower priority than livestock. In the past, except for plowing, women, with limited decision-making authority, have been mainly responsible for growing food crops. There are some indicators that this situation is being slowly modified by various forces such as cooperatives and cash cropping.

3. Economic Environment

Two major factors define much of the economic environment in Lesotho. These factors are interdependent. The first factor is the economic and geographical connection with the Republic of South Africa (RSA) which relates the Lesotho economy to the more developed economy

of the RSA. The second factor is the low returns to capital investment in Lesotho vis-a-vis the RSA. The implications in Lesotho of these factors are several. First, the GOL has little fiscal or monetary discretionary power as it belongs to the Southern African Customs Union, and is part of the Rand Currency Area, both of which are dominated by the RSA. Lesotho has little de facto control of factor prices or production output prices and must follow the lead of the RSA or have serious problems with blackmarkets. The GOL also does not have a policy in trade because of the Customs Union. It cannot attract capital investment, nor can it de facto protect infant industries.

4. Resource Availability

Three facts relevant to resources in the Agricultural Sector in Lesotho are little arable land, little employment generating capacity, and increasing population. These factors contribute to marginal land use and decreasing yields. This, in turn, increases the potential for soil erosion. Finally, Lesotho has a growing excess labor force which must seek non-agricultural employment.

5. Institutional Environment

The relevant institutional environment is composed of four major factors: there is a demand for male labor in the mines in RSA; there is an immature administrative structure in the GOL; an active group of international donors and a largely irrelevant educational system. This environment means that, in Lesotho, large numbers of the male labor force (50-70%) currently migrate to the mines in RSA, leaving the females and older males to work on the farms. There are strong indications that the current situation will change due to the political atmosphere and mechanization of the mines. The development program in agriculture is piecemeal and projectized with little or no economic evaluation of alternatives which would fit the projects into a consistent whole. There is no marketing strategy which attempts to exploit the potential RSA market. In general, there is no data and an embryonic availability of economic analysis for decision-making.

B. The Hypothesis of the ASR

The general hypothesis which the ASR is to test is that all of the various characteristics briefly discussed above are either direct or indirect causes of the major problem areas discussed in the Project Description of this proposal. The ASR, using existing data and relevant analytical techniques, will trace the causal linkages between these characteristics and the problems. It will assess the current GOL policy and programs which are designed to address the problem and

Identify gaps in the program. Where relevant, the ASR will identify projects which are based upon fallacious assumptions and/or improper analysis and make recommendations redressing the identified inadequacies.

IV. General Integrated Sector Strategy for Lesotho Agriculture

The ASR should explicitly ascertain the goals of the GOL in the development of the Agricultural sector and analyze them for internal consistency. Based on this analysis and information generated from the hypothesis tests of problem causality, the ASR should consider alternative strategies identified for each of the major problem areas, arrive at a proper set of the alternatives based on economic and social criteria and integrate them into a consistent and logical set of feasible solutions. The strategy set should identify programs and, where possible, actual projects. The time frame and phasing of the programs should be a central part of the recommendations which lead to a feasible set of goals. Finally, the ASR should include a priority list of data and studies for the ASA. The criteria for establishing these priorities should be made explicit.