

931168-3

unclassified
CLASSIFICATION

ORIGINAL

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE 931168-3 Technology, Policy, and Rural Incomes <i>PD-HAB-278-A1</i>		2. PROJECT NUMBER 931-1168	3. MISSION/AID/W OFFICE DS/AGR/ESP
		4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 1	
		<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING		7. PERIOD COVERED BY EVALUATION	
A. First PRO-Ad or Equivalent FY 78	B. Final Obligation Expected FY 78	C. Final Input Delivery FY 80	A. Total \$ 243,700	B. U.S. \$ 243,700	From (month/yr.) 7/78	To (month/yr.) 10/79
					Date of Evaluation Review 10/30/79	

B. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
<p>NONE</p> <p>CONTINUE PROJECT W/O CHANGE</p>		

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT	
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify)	A. <input checked="" type="checkbox"/> Continue Project Without Change	
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T		B. <input type="checkbox"/> Change Project Design and/or	
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIC/C	<input type="checkbox"/> Other (Specify)	<input type="checkbox"/> Change Implementation Plan	
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P		C. <input type="checkbox"/> Discontinue Project	

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)		12. Mission/AID/W Office Director Approval	
D. W. Lewing	DS/AGR/ESP	Signature	<i>John R. Wilson</i>
R. Ehrich	DS/AGR/ESP	Typed Name	John Wilson DS/AGR
M. Mozynski	DS/AGR	Date	11/29/79
T. O'Hare	DS/AGR		

13. SUMMARY

The research being conducted under this project involves the empirical validation of a set of analytical models using regional and economy-wide farm management data from India, the Philippines, and Bangladesh which will permit the estimation on a regional basis of the effects of technical change and various policies on the welfare of rural households. Contractor services currently being performed involve analysis of farm and household economic data compiled previously (Mellor 1976, Bardhan & Srinivasan 1974, Binswanger & Ruttan 1978, etc.) and currently being compiled in two satellite projects by P.H.D. candidates Jaime Quizon and Salahuddin Ahmad, in a labor migration study by Sanjay Dahar, and in a consumer demand study by Mrs. Gurushi Swamy.

Having completed the development of the distributional model, the principal investigators are presently testing model predictions against the reality of these surveys and determining what effect the simultaneous influence of several policies and trends is having on the micro-level changes in income distribution among the rural elements.

The exogenous trends and policies (termed "shiffters" in the PP) being considered include:

- Forms of technical change
- Population growth, demographic trends & policies
- Labor force growth
- Employment guarantee schemes and rural works
- Input subsidies on power and fertilizer

Special emphasis is being put on the income distribution problem associated with the landowner - laborer dichotomy and on regional income distribution problems. Note the project objectives schematically summarized in Figure 1.

14. EVALUATION METHODOLOGY

This evaluation constitutes the annual Technology, Policy, and Rural Income (TP&RI) project evaluation to be performed by DS/AGR/ESP. Sources of information include the project proposal, the annual progress report submitted by the contractor (Yale University) as stipulated in the PIO/T, and consultation with the principal investigators at Yale.

TP&RI PROJECT PROGRESS TO DATE:

The project proposal describes four project phases:

Phase I: Development of the Distributional Policy Analysis Model

Phase one has long since been completed. The theoretical model developed in this phase has been extended further than expected. Jaime Quizon, who is working on the Philippine Satellite project, also helped in

the development of the model.

Phase II: ESTIMATION OF THE CORE COMPONENT, THE PRODUCER MODEL

The data assembly process is complete and core estimation for this phase is nearly complete. Farm management studies data for five regions in India as well as in the Philippines, and Bangladesh were completed during the summer and fall of 1978. The estimation of the core involved the compilation of three component sets of data from the farm management studies data gathered.

1. Microeconomic individual farm data (INDICORE)
2. Microeconomic group farm data (GROUPCORE) - the farm studies covering a three year period were grouped & averaged
3. District level (GROWTH ACC1) - series data grouped by district.

In the first two cases the estimation of the core data proceeded as expected. It took a little longer than expected to shape up the data in the third case. Consequently, core estimates from this data are a bit behind schedule.

e III: ASSEMBLY OF THE NON-CORE COMPONENTS INCLUDING ELASTICITIES AND PROJECTIONS

Two studies, not originally planned for this phase, were undertaken. A consumer demand project by Mrs. Swamy (now at the World Bank) was partially supported by TP&RI project funds and has turned out to be a valuable investment. Also, a labor migration study by Yale doctoral candidate Sanjay Damar, which utilizes 1970 census data, is proving to be particularly useful in approaching phase IV work. Despite the minor delay with the Phase II core estimates, Phase III projections are proceeding as planned and are now essentially complete.

SATELLITE PROJECTS

Both Salahuddin Ahmad's Bangladesh project and Jaime Quizon's Philippine project are designed to compile and analyze farm management data in the respective countries to supplement the Indian data already compiled. These data are to be used in the policy and market simulation phase to test the model developed in phase I.

Both are in first draft form subject to the review of Dr. Evenson and proceeding on schedule. Apparently these two studies, which are only partially funded by this project, are turning out to be good sized scholarly dissertations of a theoretical nature.

HYDERBAD ADC CONFERENCE; AUGUST, 1979

Four papers representing some aspect of the work being completed on this project were presented by the principal investigators at the ADC conference in Hyderabad. Included in the group of papers was Sanjay Dahar's Indian labor migration study, a paper on the micro-farm management data, and a highly theoretical paper describing the Distributional Policy Analysis model. The last one here mentioned was particularly well received.

Phase IV: POLICY SIMULATION

To facilitate completion of this final stage of the project, Devindra B. Gupta, an econometrician at the Institute of Economic Growth, University of New Delhi, will arrive in April 1979 for four months of work on policy and market outcome simulation. By contracting Mr. Gupta the principal investigators have temporarily foregone the opportunity to spend funds on holding a conference in India once the project had been completed but have maintained the spirit of the KAC recommendation that an Indian component be built into the project. It was felt that the money would be better spent in this manner in the interest of the prompt completion of a quality project study.

RELEVANT COMMENTS ON THE LOGFRAME

16. INPUTS:

An additional input will be the services of Mr. Gupta, the Indian econometrician from the University of New Delhi. With the addition of his services the quantity and quality of the inputs will assure the realization of the anticipated outputs.

17. OUTPUTS:

Much of the output expected in the PP has been realized. The Distributional Policy Analysis Model for India has been completed and the completion of the simulation of market outcomes from the selected set of policy influenced shifts awaits final analysis of the district level data.

Additional outputs can be expected. The project results will contribute to the bodies of knowledge and literature in productivity measurement, cost and profit functions, mechanization and employment, and intersectional analysis. Furthermore, the execution of the research provided for by this project and its results will contribute to institution building through the Yale researchers' association and connections with ICRISAT, the University of the Philippines, ADC, IRRI, and the Indian Agricultural Research Institute.

18. PURPOSE:

The TP&RI project at present has gone a long way towards fulfilling the purpose for which it was intended, i.e.:

- 1) To design, develop, and validate analytical models for improved

estimates of regional parameters for understanding agricultural development and rural welfare interactions.

- 2) To simulate market outcomes of selected exogenous changes in regional and national policy instruments using these models, these changes being a reflection of technical change and economic growth.
- 3) to relate market outcomes to income distribution impacts on various groups in society, including landless laborers, small farmers, large farmers, and urban poor and rich.

There has been no need to amend or change the purpose of this project as stated in the PP. It is anticipated that the project will serve its purpose.

19. GOAL:

The broader goal of improving understanding of the income and employment effects of rural development on the welfare of the rural poor is one that must be considered in a long term perspective. Thus, consideration of it is not pertinent at this time.

20. BENEFICIARIES:

The ultimate beneficiaries of this project will be the rural poor to the extent that the project results are utilized by the GOI. One can indentify the rural poor as such based on the criterion of promoting equality in income and the fact that this project places a high priority on just that. Obviously these are goal level statements and a valid determination of when this benefit will be realized can't be made at the moment. Progress towards this goal, as originally conceived, continues unabated.

ISSUES & COMMENTS

1. There is a question as to whether or not a final conference in India or elsewhere at which the project results would be presented will facilitate project objectives.

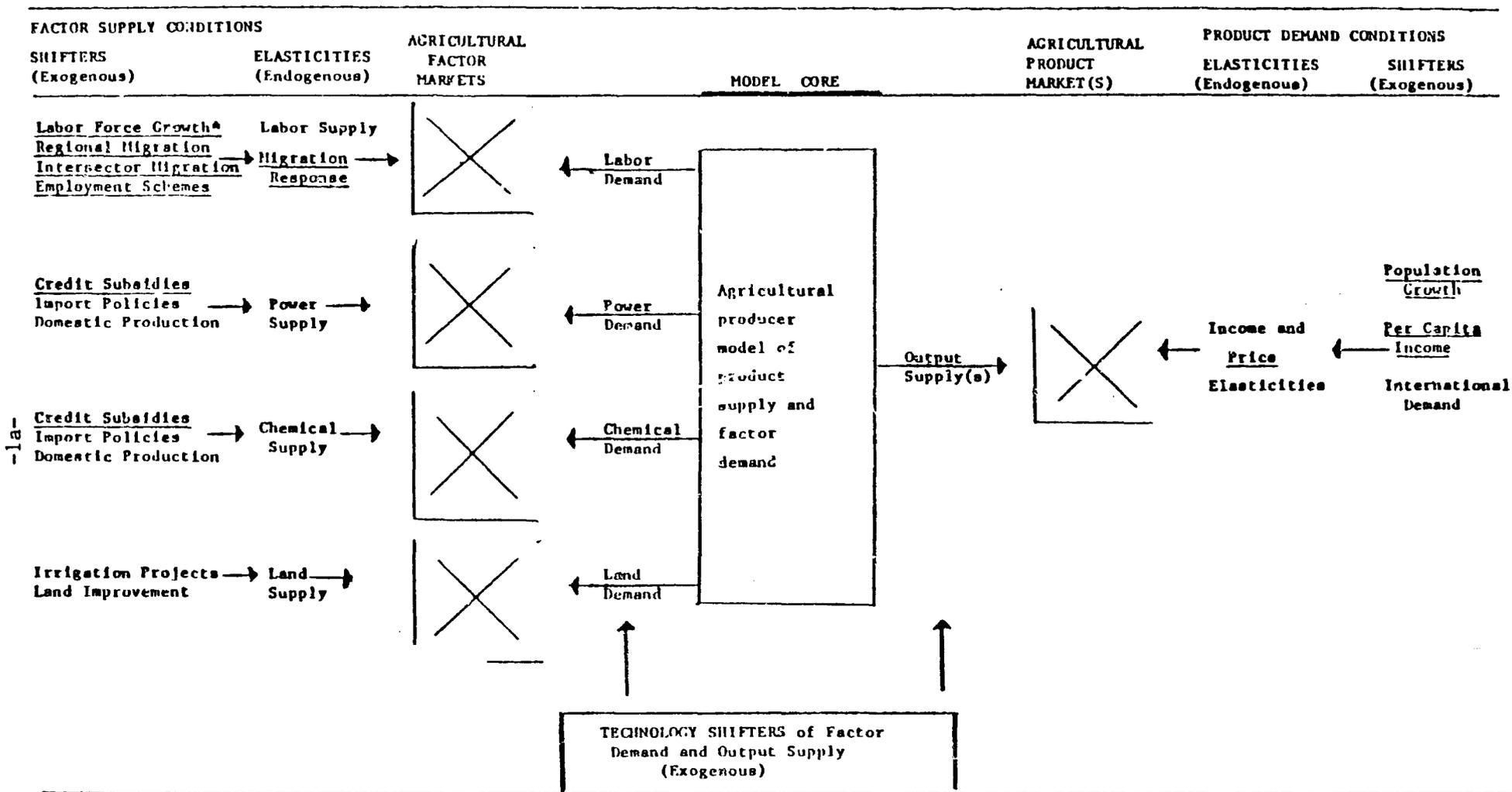
As inferred in the discussion of phase IV above the RAC approved the project proposal on condition that an Indian component be built into the project in practice. To accomodate the Committee it was originally conceived that a conference would be held in India after the project had been completed to provide a forum for presentation of the results. Since several papers emanating from the project have already been presented at the recent ADC conference in Hyderabad and similar forums (though perhaps not in India) will exist in the future, the need for the funding of a special conference for such a purpose is compromised. The need for the conference is even more questionable because, by contracting for the services of Mr. Gupta with official Indian approval, the RAC desire that direct Indian participation in this project be realized

is satisfied. Thus, the funding of a final conference will depend on these considerations and the extent to which the Indians desire such a conference.

2. The completion of Phase II core estimates has been delayed a bit because of a minor procedural problem with the estimation of the core component utilizing the district level data.

After completing the estimated equations for the individual farm data and for part of the grouped data set it was determined that each of the three data sets must be utilized to estimate different parts of the core model. Because of limited output price variation, it was determined that the output supply equations must be estimated with the district data while the individual and group farm management data were well suited to the estimation of the input demand functions. This was not the original plan and accounted for a slight delay in completing phase II. This complication, however, did not effect the scheduled work on phase III which is now essentially complete and should not delay project progress substantially. A timely completion of the project research is expected.

Figure 1: Distributional Policy Analysis Model: Schematic Representation



Note: The core model and underlined items will receive particular emphasis in estimation and policy simulation