

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



# **ANNUAL BUDGET SUBMISSION**

## **FY 83**

**OFFICE OF POLICY DEVELOPMENT & PROGRAM REVIEW**

**BUREAU FOR PROGRAM AND POLICY COORDINATION**

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FY 1983 ANNUAL BUDGET SUBMISSION

OFFICE OF POLICY DEVELOPMENT & PROGRAM REVIEW

BUREAU FOR PROGRAM AND POLICY COORDINATION

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Office of Policy Development  
and Program Review:

Strategy Statement  
Policy Guidance Agenda  
FY 1983 ABS

June 11, 1981

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## INTRODUCTION

PPC/PDPR's submission, while in the form of the FY 1983 ABS, actually responds to a number of requirements beyond a budget document. It therefore encompasses program strategy, Agency policy needs, program budget requests, and support matters for Mission and Regional Bureau programs.

A strategy statement for our limited but important program is in order at this juncture for a number of reasons. First, we are proposing a shift in the distribution of our resources to reflect Agency priorities by increasing our research and policy efforts in agriculture, rural development and policy reform beginning in FY 1982. Second, we are responding to areas where according to ABS guidance the Agency wishes to increase its emphasis: namely, involvement of the private sector, institutional development, technology transfer and stimulation of economic growth. Third, we are attempting to increase the focus of our resources on support for Mission and Regional Bureau programs by dealing with policy guidance and research needs indicated in their CDSS's.

Our proposal also contains a work program, in effect, for continuing our efforts to formulate Agency policy on a broad range of development matters. It is important at this time that Regional Bureaus and Missions become aware of the direction we intend to take. In the last few years, A.I.D. has issued several policy papers (Agriculture, Health, Energy, Forestry) and is preparing others (e.g., Domestic Water Supply and Sanitation). Our proposal encompasses research efforts needed to provide subsequent policy guidance called for in such policy papers. Also, it is time to up-date past policy papers (e.g., Population). Our agenda includes issuing policy papers on areas thus far not included in our policy paper series (e.g., Nutrition and Education). A.I.D.'s policy requirements also include a number of cross sectoral concerns.

Our proposed program, therefore, includes efforts to conduct research towards eventual policy guidance on such matters as employment policies, recurrent costs, transfer of technology, private sector concerns, and economic policy reform to support and further economic growth.

Many of the topics included in our policy research are planned in support of Mission and Regional Bureau programs and stem from concerns raised in the CDSS reviews as well as in discussions with A.I.D.'s leadership. Also, the work of the several task forces on agricultural production and rural development concerns have provided us with a relevant agenda. For instance our proposals for research on agricultural price subsidies, research and extension linkages, and marketing mechanisms exemplify our response in this area.

Our program consists of a few projects comprised of a large number of separate sub-projects which are the real focus of our efforts. Because of this structure we are able to adjust our portfolio quickly to reflect the often rapid evolution of A.I.D.'s policy requirements. In this case we are beginning our response in our FY 1982 program, primarily through the proposals for new activities by the Rural Development and Economic Development Divisions and the continuing efforts of the Human Resources Division of PDPR. A review

of only the FY 1983 proposals would simply not make sense since it would omit much of the content of the new research departures and policy guidance agenda which will begin in FY 1982.

We welcome comments by Regional Bureaus and through them USAID Missions in order to reinforce our efforts to provide them with policy guidance and the results of research activities relevant to their needs.

## I. OBJECTIVES

RURAL DEVELOPMENT DIVISION'S OBJECTIVES

PDPR/RD contributes to the Agency's ultimate goal of enhancing LDC capabilities to provide adequate levels of food, employment and other services essential to satisfy the basic human needs of the rural poor. The purpose of PDPR/RD activities is to contribute to efforts to improve AID's knowledge of the rural and agricultural development process, thereby, strengthening the impact and effectiveness of AID's rural and agricultural development programs through the formulation and refinement of policies and strategies. Specific outputs serving this process will be:

- a) policy-oriented socio-economic research
- b) analysis and studies in selected areas
- c) background and guidance papers
- d) policy papers and policy determinations
- e) analysis of and commentary on country development strategies and programs/projects.

The Division's activities have three basic functions:

- a) to participate in the overall Agency effort to explore new challenges in the forefront of development and to maintain its leadership role;
- b) to synthesize research findings, as they become available, for policy guidance applicable to bureaus and missions; and
- c) to review development assistance projects and programs in agriculture and rural development to assure that such proposals conform to overall AID policy guidance, country and sector strategies, and established guidelines for project planning and design.

Important gaps exist in the current state of knowledge of the rural development process. PDPR/RD's objectives are to address priority aspects of such gaps in:

- a) agricultural output and productivity;
- b) rural employment and income;
- c) global crises
  - energy for agricultural output and productivity
  - natural resources
- d) increasing impact of AID's rural development and agricultural programs

The first three are major themes in the current dialogue of the various task forces in AID that are addressing the many facets and interrelationships of agricultural productivity and rural development. The fourth objective responds to the need for constant surveillance to achieve high efficiency from AID programs.

The development implication of global issues such as increased costs of energy for agriculture, the needs of the poor for fuelwood and problems resulting from accelerating deforestation and natural resource degradation must be investigated and monitored in order to ensure the greatest relevance and impact possible from U.S. foreign AID resources. The results of such efforts must be transmitted to deal with the broad scope of such issues. In the initial years of the planning period, the Division will also undertake the examination of the following knowledge gaps and issues:

- identification of successful market approaches for the distribution of food aid to the neediest.
- assess the policy implications of exports from countries which receive food aid from the U.S. and other donors.
- analysis of policies for generating increased effective demand (purchasing power) by the poor to increase their access to needed goods and services.
- the comparative experience of agricultural research and institutional development efforts in Asia and Africa.
- further work on the linkages between research and extension development and small farmer beneficiaries.

- further work on identifying appropriate strategies for development of dryland agriculture.
- further efforts to understand and take advantage of the comparative variations in land and labor used in agriculture worldwide.
- strategies to increase support for and improved utilization of statistical generation, processing, and analysis efforts in rural development programs.
- implications of producer and consumer food price subsidies for agricultural development and in relation to food aid programs.
- identification of appropriate incentives for private sector forestry management.
- issues involved in large scale development and natural resource management (including "human settlement" issues).

The Division will also carry out/participate in other studies, seminars-workshop-conferences on agricultural and rural development and support the invitational travel of experts to certain of these areas as they arise and AID involvement/representation in them is determined to be appropriate.

HUMAN RESOURCES DIVISION'S OBJECTIVES

The Human Resources Division has four broad objectives for the FY 83 ABS period:

- to further develop and refine the Agency's policies in the human resources fields;
- to assist policy implementation by translating new policies into field programs -- through guidance, strategy papers, small pilot activities, and help to mission staff;
- to analyze the results of field interventions and applied research, and use this information to revise and update our policies; and
- to assure that programs and projects conform to Agency policies.

To achieve these objectives, the Division undertakes a variety of activities and responsibilities, among them:

- translating Congressional mandates into sound policy guidance (for example, in FY 78 on 104(d) and in FY 81 on natural family planning);
- assuring no major duplications of effort or contradictions of policy in the human resources aspects of the Agency's programs;
- facilitating selection of programs and design of projects by translating action and research findings into policy guidelines;
- supporting research essential to the clarification of key policy issues in the human resources elements of all sectors;
- ensuring, through contacts with other donors, international organizations, and the university community, that the Agency is aware of state-of-art advances and their policy relevance, at the same time transmitting Agency policy innovations;
- conveying to the Congress the results of appraisals of field activities in these human resources areas through a number of reporting mechanisms.

ECONOMIC DEVELOPMENT DIVISION'S OBJECTIVES

The overriding responsibility of the Economic Development Division (EDD) is to advise the Agency on the ways in which A.I.D. programs and projects are likely to achieve overall objectives, for example, economic growth, provision of basic human needs, and employment generation. EDD concentrates on the linkages between A.I.D. programs, host country economic environments, and the process of economic development in terms of issues which cut across both sectoral and regional concerns. We are currently involved in studies and policy guidance in four major areas: recurrent costs, employment generation, non-project sectoral assistance, and appropriate technology.

In the area of recurrent costs, EDD is presently preparing guidance on analyzing recurrent cost problems, the role of user charges, the degree to which it is appropriate for the Agency to fund recurrent costs, and ways in which recurrent cost problems can be avoided. This guidance should be completed by the end of FY 81. EDD has just completed a paper on the role of sectoral assistance in the DA accounts, the advantages and disadvantages of such assistance, and the conditions under which sectoral assistance programs are appropriate AID modalities.

EDD has a long-standing concern with employment policy and recently circulated a background paper on "Employment Generation in A.I.D. Country Strategies and Project Design". It is our intention to follow this up with guidance to the field for incorporating employment objectives into country strategies and projects more effectively than now, and with further research on the role of indigenous labor market institutions in enhancing or impeding employment growth.

EDD has completed a review paper on delivery mechanisms which involve capital saving technologies. This review paper emphasized the role of the private sector. The paper noted that little is known about how to design interventions involving those commercial mechanisms by which technologies are adopted by, adapted by or transferred to users in developing countries.

Also, in the general area of appropriate technology, EDD is completing work on a major overview of the role of capital saving technology in the Agency's development assistance program. This overview stresses the importance of creating productive employment opportunities using efficient technologies adapted to the specific needs of particular developing countries. Priority areas for assistance involving capital saving technologies have been identified. These areas include small farm agriculture, energy, road construction and health care.

These new activities link very closely to our present concerns. One of the key elements of the sectoral assistance paper is the use of

sectoral assistance to initiate policy reform. We hope during FY 82 to begin a careful study of the political economy of specific policy reforms, and the role of donor agencies in initiating such reforms. During FY 83 we will then produce guidance which should enable AID Missions to conduct policy dialogues with host governments from a firmer knowledge base.

Similarly, our work in appropriate technology, recurrent costs, and employment is directly related to AID's increased concern with private sector activities. The development of the private sector can help meet Basic Human Needs objectives if sufficient employment is generated - which is in part a function of choice of technology. Similarly projects in the Social Sectors - health, education, water, family planning, etc. - will only be successful if they are financially viable. One possible method for increasing financial viability, and thus reducing the recurrent cost burden is to move certain public sector activities into the private sector.

During FY 83, we hope to provide a paper on the experience of "privatizing" basic human needs services. During FY 82 we hope to produce a number of papers examining the role of the private sector in economic development, the ways in which AID can promote private sector development, and the ways in which support to the private sector activities can be linked to reducing poverty. These papers will necessarily be concerned with technology choice and employment generation.

A part of our research portfolio is directed towards filling in information gaps acknowledged in these studies. In general our research in this area will be directed toward the implementation of policy, rather than basic policy decisions.

In addition to these issues we have a continuing interest in the Agency's ability to conduct sound economic analysis. Working with outside research groups and with other international agencies to improve data collection capabilities among LDC's is a primary vehicle for achieving this objective. In effect, our ability to formulate policy today depends on decisions taken years ago to collect and analyze relevant data.

For the future our portfolio will show an increased emphasis on the role of LDC policy reform in increasing the ability of AID projects and programs to achieve their goals; and the linkages between A.I.D. and the "private sector". Our experience and technical expertise can play an important part in A.I.D.'s efforts to formulate effective policies in such areas.

CIVIC PARTICIPATION DIVISION'S OBJECTIVES

The Civic Participation Division's objectives are to promote human rights and broader, more equitable participation in economic development through studies and activities that improve the capacity of LDCs to pursue development policies sensitive to human rights and social justice. The Division's objectives are directly tied to Congressional legislation-- Section 116e and Title IX of the Foreign Assistance Act.

The Division has two continuing projects which will be on-going in FY 82 and FY 83 and beyond. They are:

The Human Rights project encourages increased adherence to civil and political rights as set forth in the Universal Declaration of Human Rights in countries eligible for U.S. bilateral assistance.

The Social and Political Aspects of Development project provides for policy oriented study and support of popular participation in development and the social and political aspects of and obstacles in development. The project is based on Section 281 of the FAA. It is linked to requirements for development policy that is broadly participatory and benefits the poor.

II. RELATIONSHIP OF FY 82 AND FY 83 PROPOSALS TO  
OBJECTIVES

Relationship of FY-82/83 Proposals to PPC/PDPR/RD Objectives

PPC/PDPR/RD's FY 82 and 83 proposed activities can make significant contributions to improvements in our knowledge of the rural and agricultural development process and the ways that external agencies and LDCs themselves can most effectively assist that process.

The FY 82 and 83 proposals reflect the Division's contribution to AID policy and programs for:

- a) increasing LDC agricultural output and productivity
  - by a study on the comparative experiences of agricultural research and institutional development efforts in Asia and Africa.
  - by additional study of the variations in land and labor use in agriculture (to help understand why some societies and cultures obtain higher yields/output from similar resources of land and water).
  - by studies on determining the most appropriate form/processes for linkages between research and extension development efforts and small farmer beneficiaries.
  - by study of the desired balance for agricultural policy/programming between irrigated and dryland agriculture.
  - by research on the implications of producer and consumer food price subsidies for agricultural development, and their relation to food aid programs.
- b) for increasing the abilities of the poor to satisfy basic needs
  - analysis of policies necessary to generate increased effective demand by the poor through creation of additional employment opportunities for them.
- c) analysis of development implications of global issues
  - identify incentives for private sector forestry management activities (as these will become an increasingly more significant area of forestry/natural resources management programs vis-a-vis public sector arrangements).

- provide guidance on large scale development and natural resource management (including "human settlement") programs.
- provide guidance on incorporating energy factors into agricultural policy, and adapt energy policy to reflect the requirements of the agricultural sector.
- d) increasing the impact of AID's rural and agricultural programs
  - investigation of means to increase and improve utilization of rural information data (statistical generation, processing and analysis) in rural development programs.
  - identification of effective (within-country) means for the distribution of food aid to target groups.
  - examination of the "food aid leakages" issue and policy implications for food aid programs (i.e., food exports from countries receiving food aid).

Relationship of FY 82/83 Proposals to PPC/PDPR/HR Objectives

The proposed activities relate directly to the four basic objectives of the Division, namely:

- policy formulation
- translation of policies into relevant field guidance
- translation of field experience into improved policy guidance
- assuring program conformance with policy guidelines

Policy formulation: Our nutrition activities in FY 82 and 83 will focus on the determinants and consequences of nutritional status in developing countries, and will provide major input to a nutrition policy paper which is planned for FY 82. The primary health care policy paper will also draw heavily on the research activities funded under project 082 and 088. In addition, we will be revising the 1977 Agency population policy paper, in large part to reflect our improved understanding of the linkages between population and development; the paper will include specific references to insights gained from research and experimental activities funded under projects 068, 069, 078, and 088.

Translating policies into relevant field guidance: In the areas of health and education, we intend in the next two years to supplement recent policy papers with specific strategy papers. In health, for instance, we will provide information and guidelines on the cost implications of major primary health care projects, on alternative means of financing health and water programs, on assessing the impact of major rural development programs on health, and cost-effective modes of delivering basic health services, including private sector options. Information for these papers will be drawn from work supported under projects 082 and 088. In education, we will be developing strategy papers on key issues relating to basic education of children, youth, and adults, including skill-training options for small business and informal sector occupations; educational priorities for increasing agricultural production, reducing fertility, and improving health; and program strategies and options for reducing barriers to training for various disadvantaged groups. Activities funded under project 089 will provide basic background information for these papers.

Translating field experience into improved policy guidance: Much of the 104(d) work which the Division has sponsored and will be sponsoring in FY 82 and FY 83 is designed to test efforts to implement the 104(d) mandate and to incorporate the results of these "field trials" into better and more specific policy guidelines. Among the questions we are examining are the appeal and use effectiveness of natural family planning methods; the feasibility and cost-effectiveness of integrated programs that combine expanded economic opportunities for women with family planning information and/or services; and the effectiveness and risks of incentive schemes to increase contraceptive prevalence. We recently synthesized a number of state-of-the-art papers for our field missions, and we intend to continue to incorporate recent field experience -- whether through activities the

Division supports, impact evaluations, or other information sources -- into improved and refined guidelines to assist missions to design programs in line with Agency policies.

Monitoring program conformance with Agency policies: Information and insights gathered in pursuit of the above three objectives also proves useful in our efforts to monitor the Agency's human resources programs. Our formal participation in CDSS, ABS, and project reviews gives us an opportunity to discuss the relevance of particular research findings in the context of a specific project, program, or country. We believe that our interventions in these reviews are extremely effective ways of ensuring that the research and programs we support are useful and used, and that the Agency's policies and programs do not work at cross-purposes. The social and institutional profiles program which will be initiated in FY 82 will identify major institutional questions or analytical problems that may hinder design or implementation of effective development activities. In addition, work under way in our Human Capital Investments project (088) should help us identify the extent to which such investments (e.g., in education, health, training, employment) complement or compete with one another.

III. RELATIONSHIP OF OFFICE FY 82 and FY 83 PROPOSALS TO  
MISSION AND OTHER AID ACTIVITIES

Relationship of FY 82/83 Proposals to PPC/PDPR/ED Objectives

The Economic Development Division has as its objectives the development of policy guidance in the general area of the relationship between economic conditions in the LDC's and AID programs. We are particularly concerned with the role of public and private activities in LDC's, the importance of the macroeconomic and sectoral policy environment, the strengthening of planning and policy-making capacity, and the financial and economic viability of A.I.D. projects.

More specifically, this has meant the development of guidance in the areas of recurrent costs, sector assistance, employment generation, appropriate technology, and data collection. In the future we see ourselves becoming increasingly concerned with overall economic policy issues as well.

The FY 82 and FY 83 proposals of the EDD are all directed toward providing information that will better enable us to achieve our task. Thus our recurrent cost project will provide information to supplement the guidance currently being drafted. Our employment and technology projects are directed to providing the framework which will enable us to draft guidance on how the new "private sector" thrust can be welded to our current legislative mandate. The proposals in the area of policy reform are directed toward providing the information necessary to develop detailed guidance in this area. Lastly, the Small Country Data Systems will provide a basis for inexpensive data collection in small countries in order to improve programming, planning, and policy.

Narrative on Relationship of FY 82 and FY 83 Proposals to Mission and Other AID Activities -- Rural Development Division

The Division's FY 82-83 proposals support research and study activities designed to produce or lead to development of guidance to Missions on rural and agricultural development programs. Individually and collectively, the activities focus on current or emerging, relevant policy issues which have significant implications for the abilities of Agency/Mission and LDC programs to develop strategies, choose effective projects, and achieve objectives.

Review of the CDSSs indicated that:

- All Missions are concerned with Effective Demand and Employment Generation issues and program choice implications for AID policy.
- Missions in Africa are concerned with understanding how successful agricultural development activities from other areas (e.g., Asia) can serve as models or be instructive in other ways.
- All Missions are concerned with helping the small farmer to improve production and productivity, and to shape and manage agricultural research and extension institutions and processes to better assist such individuals. All AID Mission client countries are concerned with identifying ways in which increased productivity of land and labor can be achieved.
- Missions with food aid programs would prefer to have food aid distribution channels in the private rather than public sectors.
- Many Missions contend with country situations where dryland agricultural issues predominate, yet the state of knowledge for improving production and productivity in such cases is lagging.

- Most Missions face the problems caused by inappropriate producer and consumer food and other agricultural price and input supply subsidies.
- Most Missions and client countries are concerned with forestry and natural resource management issues, and the implications of increased energy costs for small farm agriculture.

PDPR/RD activities are substantively and operationally different from DS/AGR, DS/RAD and other DSB entities (DS/N; DS/FNR) but at the same time complementary and supportive of the efforts of these units as part of the Agency's overall efforts in agriculture and rural development.

PDPR/RD's focus is consistently concerned with what the Agency should be doing; where it is going; and what its programming priorities should therefore be. DS/AGR and DS/RAD share such concerns in part but must place most emphasis in their efforts on serving Mission/Bureau requirements for technical-operational support in design, development and implementation of country projects.

PDPR/RD's mandate, reflected in its current and proposed programs, requires it to stay abreast with, indeed "on top of," emerging issues relating directly and indirectly to policy and programming matters. DS/AGR and DS/RAD again share some of this concern and interest, but must give most attention to operational activities and questions.

Finally, it is PDPR/RD's unique role to provide overall policy guidance to the Agency's central decision-makers on budget/resource allocation issues

as they relate to agriculture and rural development. Such policy guidance is based on the results of research/study activities sponsored by the Division and other units of the Agency as well. The experiences of DS/AGR and DS/RAD projects may contribute significantly to this process, <sup>but</sup> the Division relies principally on its own program of forward-looking activities to adequately provide needed information, analyses of policy-related issues, and identification/assessment of emerging global issues.

Narrative on Relationship of FY 82 and FY 83 Proposals to Mission and Other AID Activities -- Human Resources Division

The Division's tasks include analysis of the cross-sectoral effects of development activities, e.g., the impact of agricultural production on nutrition, of irrigation on health, of women's salaried employment on fertility and breast feeding, and the contribution of human resources programs to economic growth and income distribution. The research and experimental activities proposed for FY 82 and FY 83 allow the Division to continue to provide missions the results of this kind of analysis in forms that are readily useable for project design and implementation, as well as for strategy formulation.

In the population and 104(d) areas, the proposed activities will assist AID field missions to apply family planning and less direct measures toward reducing fertility. These activities yield case studies, concept papers, strategy papers and broader policy guidance, all of which assist missions to design projects and assess new program opportunities.

In the area of nutrition our proposed activities will assist missions, through policy guidance formulation and component papers, to assess the nutritional impacts of production-related projects, and to understand the significance of changes in household income and intra-household control over income for nutritional status of family members. Since both improved nutrition and increased production are objectives for AID in the agriculture sector, missions need to be able to design and implement projects that will have positive impacts in both areas.

Missions have expressed need for guidance on education sector strategies for specific country situations. The evaluative studies and applied research proposed in the basic education, skills-training and manpower assessment areas will help missions determine which areas of the education sector are appropriate for emphasis in country programs, and to design projects that will be cost-effective. In the area of basic education, missions will require assistance in choosing the most appropriate option. The continued emphasis on higher-level manpower training, especially in the context of agriculture, will require guidance on appropriate options and approaches that missions can choose that will be as cost-effective as possible.

Our proposals for FY 82 and 83 relate directly to health sector concerns -- and to the impacts of other development activities on health status, e.g., river basin development and irrigation projects. More than half the Agency's health portfolio is devoted to primary health care programs. The research proposed will focus on critical issues to enable missions to design more cost-effective PHC interventions. Given the growing emphasis on river basin development projects, especially in Africa, the activities the division proposes will also have a direct bearing on the design of effective projects that minimize unanticipated and deleterious health impacts.

The proposed social and institutional profiling activity will enhance the ability of participating missions to carry out social analysis to improve strategy formulation, project identification, and project design. This activity responds to concerns raised in various regional bureaus and in some missions about the present quality and utility of social analysis at the CDSS and the project level.

Unlike other A.I.D. offices, we focus our own program of analysis on improving policies to promote health, nutrition, education, and family planning. We assess the benefits together with costs, social and economic, of alternative approaches to promoting health, education, and family planning. Also, we identify and explore gaps in knowledge which inhibit our attempts to improve policy. We then look at whether programs to fill these gaps are or could be sponsored by others inside or outside A.I.D.. The knowledge gaps usually include questions on particular technologies needed for a particular purpose or other highly technical matters (e.g. environmental impact of molluscicides used to control schistosomiasis). These we leave to others, including technical specialists in DSB, though we try to keep in touch on research results.

However, others in A.I.D. do not cover the core question of our policy development: how measures across several sectors--not only health, education and family planning, but also agriculture and others--combine with economic and social forces to affect health, education, and fertility. These are essential concerns to economists and other social scientists who are tasked with formulating policy.

Narrative on Relationship of FY 82 and FY 83 Proposals to Missions and Other AID Activities -- Economic Development Division

Only one of our proposals is region specific - the Small Country Data Systems which should help in programming A.I.D. activities in the Eastern Caribbean and some places in Africa. However, a number of other activities will be of direct interest to a majority of Missions for purposes of the CDSS and in the project design process, for instance the Recurrent Cost Study, Case Studies in Technology Choice, Labor Market Institutions, and Merchant - Manufacturing Links are activities which should provide information that will enable Missions to design better projects and choose the most efficient form of investment among alternatives at the project level.

Our ability to provide analysis and guidance will help programs in Africa, particularly, if the problems raised in the CDSS are any indication of need. Furthermore, we could make a significant contribution to the donor community and discussions in international fora where the recurrent cost issue is commanding increasing attention. The problems of under and unemployment were raised by a large number of Missions in their CDSS's. Suitable, efficient technologies designed to promote productive employment opportunities usefully address these problems. Because of the limitation on Mission staff, many of them are dependent on outside assistance to address such problems as recurrent costs and employment policies and technology choice. From the Agency point of view policy on such matters needs to be formulated in terms of the broad view of a central office in order to consider the many variations which exist.

The two policy studies - Economic Liberalization and Pricing, and Subsidy Policy will be of direct help in the linking of A.I.D. programs to policy reform, which is likely to become a more important interest of A.I.D. Missions in the near future.

IV. FY 82 and FY 83 ACTIVITY PROPOSALS

1. Rural Development Division

New Activity Narrative: FY 82

1. Project Number: 930-0091.1
2. Title: a) Comparison of Asian and African Agricultural Development Experience  
b) ARD&N Funds
3. Purpose: The purpose of this activity is to compare agricultural development experience in Asia and Africa to identify aspects of Asian development experience which are applicable to Africa.
4. Background: As proposed thus far, the primary areas of research concentration presumed to have ready applicability are:
  - development of investment and incentive agricultural policies in Asia;
  - institution building with concentration on research extension institutions;
  - training - primarily a scientific and managerial core.The following areas of inquiry will also be pursued because of their presumed relevance to AID's policy in agriculture and rural development:
  - bio-physical effect on farming systems, social structure and supportive institutions.
  - development of a socio-economic profile of farm categories by country and relationships to:
    - (a) policy, (b) access to land and other agricultural assets,
    - (c) economic incentives
  - distinction of historic differences in evolution of farming systems and consequences of differences in availability of water.

- effect of colonization on evolution of effective administration, -- and effect of prevailing attitudes on modernization of agriculture.

5. Project Description: The timing, phasing and proposed products (outputs) of this research is proposed as follows:

A. Introductory Phase:

The initial product will be a detailed terms of reference for the country/commodity studies to be conducted together with a preliminary outline of the final report. This phase of the study will require approximately six months. A special issues paper will also be prepared as appropriate.

B. Intermediate Phase:

A series of commodity/case studies will be undertaken for six months in agreed-upon African countries and comparative Asian countries. The country selections will be based upon comparability of the evolution of agriculture in the respective countries. These comparability studies will also cover major aspects of national policy making and cross-cutting donor approaches.

These studies may identify specific areas or issues requiring additional study and analyses.

C. Final Phase:

The final phase of the study will cover 6 to 8 months and is to be devoted to completing the research necessary to fill in the missing links and preparing the final report.

The research methodology will consist of the following elements:

- Review of the reservoir of existing data and analysis.

- Country/commodity case studies on a comparable basis across countries.
- Comparative analysis to draw conclusions for national and donor strategies.
- National agricultural investment and incentive policies.
- Institution building, particularly research, extension and farm linkage.
- Development of human resources.
- Donor assistance policies and programs.

6. Major outputs: A report(s) identifying lessons learned from Asian experience applicable to Africa; probably leading to policy guidance/background paper(s).
7. Beneficiaries: LDC and AID and other donor agriculture and rural development decision makers.
8. a) Proposed Funding:
- |        |   |            |
|--------|---|------------|
| FY 82  | - | \$ 65,000  |
| FY 83  | - | \$ 75,000  |
| (FY 84 | - | \$ 75,000) |
- b) Life of Subproject: \$ 215,000

Note: The total budget requirement of this research is likely to exceed \$1 million. The above budget figures indicate our intended contribution to this total. A number of other bureaus are interested in such a study and would contribute funds.

New Activity Narrative: FY 82

1. Project Number: 930-0091.2
2. Title: a) Research, Extension and Farming Systems Linkages  
b) ARD&N Funds
3. Purpose: To implement the findings of the recent DAC Workshop (May 12-13, 1981) on the linkages between research and extension development and small farmer beneficiaries.
4. Background: Linkage between research, extension and farming systems is essential to accelerated rates of food production in LDCs. However, effective linkage has not been achieved in many if not most LDCs, particularly in the least developed countries. Therefore, extension activities are receiving increasing attention as means to improve the transformation and utilization of agricultural research by LDC farmers.  
  
This activity is intended to build upon recent experience, to compare alternative approaches, and to explore new and/or more effective ways of technology transfer to farms. It is also intended to build upon the experiences and discussion points of the May 13-14, 1981, DAC workshop on linkages between agricultural research and farmers in developing countries.  
  
During the 1950's and 1960's, technical assistance, and some capital assistance to agriculture focused largely on building national research and extension institutions. Partly because of this assistance many less developed countries achieved substantially increased rates of economic growth during the 1960's. By the end

of the decade, however, an increasing concern developed about the distribution of benefits which were often extremely uneven. This concern was re-inforced by the Congress in 1973 through major changes in the Foreign Assistance Act of 1961 which directed AID to make its program more responsive to the needs of the poor majority in developing countries.

The facts of the world food situation are well documented. Over the past decade there has been a marked shift in food production with exportable surpluses being increasingly concentrated in a relatively few developed countries. There are many surprisingly consistent projections which indicate that the recent trends will continue, i.e., that developing countries will likely have even larger food deficits than at present unless substantial changes occur.

Food is a political issue in developing countries when large portions of the population suffer from marginal caloric intake in the best of times and die from malnutrition or related diseases in the worst of times. Increasingly LDC governments are asking for assistance to increase food production to help stabilize unstable political situations. The reasons why a resolution of the food problem has eluded us are many. Numbered among these reasons is the need for substantial and effective linkage between research, extension and farming.

This suggests an extremely important concern -- one of identifying the research, educational, extension and farming system linkage needs of LDCs and assessing how these needs can best be met --

using, in a well coordinated manner, U.S. demonstrated capacities and the resources of regional and international institutions as well. In these regards, one recommendation of the Presidential Commission of World Hunger was that AID step up its involvement in the development of human and research-extension institutional resources by "helping create or strengthen indigenous agricultural institutions".

5. Project Description: Adequate research, extension and farm linkage is also essential for successful technology transfer and the adaptation and adoption of improved production and unit cost reducing farming practices. Following discussions with the Regional Bureaus and DS/AGR and RAD, a workshop was decided upon as an initial step to understanding conditions under which different approaches to extension and technology diffusion are most cost effective. The workshop would center on extension with linkages to the farm and back to research, and would have as its focus the state of the art of extension, drawing upon AID, other donor and country experience. The objective would be to identify areas which need problem-solving or area-strengthening study.
- The format of the workshop will turn on the following topics: (a) lessons learned from traditional extension systems in various LDCs; (b) experiences with commodity-based extension systems; (c) information feedback

mechanisms from farmers to extension and research;  
(d) linkage of national research, extension and farming systems with U.S., regional and international center resources; (e) education, training and recurrent cost issues associated with various extension approaches; (f) cost effective assessment of alternative approaches to technology development and diffusion; and (g) the role of non-traditional approaches to technology diffusion. This format would be developed by means of seven invited papers by experts on each topic. The audience would be AID technical agricultural and rural development personnel. The workshop proceedings and the expert papers would be published, possibly as a book.

Description of problems to be dealt with:

- Insufficiently identified farming system production problems for cost effective extension and/or research.
- Need for improved systems for farm information feedback to extension, research and policy.
- Need for adaptive and cost-returns research for on-farm adaptation and adoption of technology and improved production practices.
- Need for consistency of education, research and extension institutionalization and planning with long-term agricultural development.



New Activity Narrative: FY-82

1. Project Number: 930-0091.3
2. Title:
  - a) Dry and Irrigated Lands: Investment and Production Comparison Advantages
  - b) ARD&N Funds
3. Purpose: To identify the necessary and most economically effective balance between investments in irrigated and dryland agriculture programs required to meet food production goals.
4. Background:

Increasing dependence for adequate food supplies must be placed upon dryland areas in the future, particularly for Africa and the Near East. It will soon be uneconomical to grow cereal grains and other drought tolerant food crops on irrigated lands. The irrigated lands must be reserved for producing export crops and high value domestic consumption enterprises such as dairy or cotton. This also means that most livestock enterprises must be shifted to the so-called drylands.

At the same time much of the dryland areas have brief but significant periods of ample rain-fall. Some drylands have excess rainfall during short periods which can be stored and managed - either in the soil or by means of catchment basins and water-shed management. Water is the controlling (and limiting) factor bearing on all dryland area farming and management decisions. Equally limiting are soil fertility and for extensive areas, toxicity problems, and disease and pest problems and their vectors.

Thus, the developmental attack on the drylands, which must come, must be four pronged:

- water management
- soil fertility ( and toxicity)
- adaptable farming systems
- disease and pest control

The need to address the issues of trade-offs between investments in dry lands versus irrigated agriculture is becoming greater because:

- a) increased costs of water development ( and absolute limits on total water supplies) to support irrigated agriculture
- b) balance of payment requirements of LDC governments;
- c) increasing costs of energy; and,
- d) limits on the amount of irrigable land available.

So far LDC and AID policy has stressed irrigated agriculture.

The emphasis must now shift and a balance found.

5. Project Description: This project will require comparative return analysis of products and costs of investments in alternative production systems. It envisions specialization of irrigated areas, and more general use of the non irrigated area. The working hypothesis will be that:
- a) returns to investments in the major food enterprises will be maximized on drylands, per hectare and in total,
  - and b) that greater rural employment and social stability will also result.
- The data gathering procedure will be based upon cross-classification of the four major types of dryland situations found in LDCs and a sampling within these to: a) determine food production potentials, and b) existing utilization patterns.

Then using a typology, propose a farming system, e.g. land and water utilization, basis from traditional (type 1) to modern (type 3), with one intermediate system (type 2).

The condition (restraint) variable which will be used will be water.

This activity is a follow-on undertaking to the 1978 Agricultural Development Policy Paper in its efforts to further our understanding of the role of dryland agriculture. A primary background paper on the technical aspects of agricultural dryland areas has already been prepared by PDPR/RD (1979-80)

6. Major Outputs: The major output contemplated is a study noted above leading to the development of policy guidance on the development and utilization of agricultural drylands.
7. Beneficiaries: The beneficiaries will be AID technical personnel and program decision-makers, and LDC and other donor institutions.
8. a) Proposed Funding: FY 82: \$30,000  
FY 83: \$100,000  
b) Life of Subproject: \$130,000

New Activity Narrative: FY 82

1. Project Number: 930-0091.4
2. Title:
  - a) Agricultural Price Subsidies
  - b) ARD&N Funds
3. Purpose: The purpose of this activity is to identify the conditions under which price subsidy policies (for both agricultural inputs and outputs) are appropriate in developing countries.
4. Background: Policymakers in all countries want food prices high enough to stimulate production and assure adequate market supplies, but low enough to protect low income consumers. Because a single price system seldom serves both purposes, many governments purchase grain from farmers at one price and resell it to consumers at another, often lower, price. Where the government actually does the buying and selling, net budget outlays can be large. In addition, the controlled purchase price for basic foods is typically not high enough to stimulate agricultural growth; which often leads to input price subsidy policies. We need to analyze and perhaps reconcile these various, seemingly mutually exclusive, objectives in relation to the policy instruments that can be brought to bear to achieve them. While it is generally recognized that uncoordinated or poorly rationalized price subsidy policies have led to uneconomic allocations of resources (and can have other unintended developmental impacts as, e.g., accelerating rural-urban migration), the prevalence and persistence of adoption of such subsidy policies by LDCs continue.



New Activity Narrative: FY 82

1. Project Number: 930-0091.5
2. Title:
  - a) Employment Generation and Effective Demand
  - b) ARD&N Funds
3. Purpose: The purpose of this activity is to validate, amplify and relate to AID's needs the various conclusions which will emerge from the FY 81 funded concepts paper on "Agricultural Development and the Demand for Food", expected to be carried out by USDA.
4. Background: The USDA is expected to analyze each of the activities under the five functional categories set forth in AID's Agricultural Development Policy Paper (June 1978) to determine what role, if any, each has in accelerating the rate of growth of effective demand of the poor. The final report, expected in December 1981, will indicate the relative effectiveness of alternative instruments (policies and projects) to achieve this purpose. It will also examine other employment impacts likely to result from various investments in the agricultural sector. This effort is crucial to establishing priorities for AID's efforts to increase employment and income of the rural poor.
5. Project Description: The more promising of the conclusions of the "concepts paper" will need further empirical validation and testing before they are recommended to the Missions as policy guidance. The research methodology to be pursued will be recommended and detailed in the "concepts paper".

6. Major Output(s): A research paper leading to development of policy guidance/background paper(s) on the issue of accelerating the rate of growth of effective demand of the poor.
7. Beneficiaries: Those who are unemployed in the developing countries.
8. a) Proposed Funding: FY 82 - \$100,000  
b) Life of Subproject: \$100,000

New Activity Narrative: FY-82

1. Project Number: 930-0091.6
2. Title: a) Rural Information Systems Planning Grant  
b) ARD&N Funds
3. Purpose: This subactivity will formulate a strategy for improving the use of quantitative data by AID in rural development efforts. The activity will consist essentially of 1) assessing the extent and nature of AID's present project-related data gathering and processing efforts, 2) identifying data needs for rural development policy formulation and programming and 3) recommending a strategy to increase AID's support for developing-country statistical data generation, processing and analysis capabilities by both AID and LDC institutions.
4. Background: Collection and analysis of quantitative data by AID for rural development policy formulation and program design should be emphasized in order to improve the empirical bases for these activities. CDSS, PID and PES documents indicate that opportunities for using data are often foregone, yet inadequate data are cited in these documents as reasons for vague and incomplete program strategy and project design.

AID relies heavily on contractors and LDC institutions to provide data and analyses for project activities, but there may be a need for a more active role by AID. Such a role would require that AID: (a) support host country efforts to produce accurate and timely data; (b) specify its data needs to contractors on projects; and (c) be capable of assuring the adequacy of contractors' at gathering, as well as utilization of, the data.

Improving data utilization requires an integrated effort -- by data users, generators, processors, and analyzers both within and outside AID. The

technology of information gathering, processing and analysis has progressed greatly. AID officers are expected to function in a wide variety of situations and, given long overseas tours, are often not familiar with the advances in analytical and statistical techniques that have been made in recent years. Private sector firms sell the hardware, the software and provide service in some developing countries, but do not have the capacity to extend the training needed to apply the technology to the problems of information generation. In order for AID to play the more active role, this, as well as other issues, will have to be addressed.

5. Project Description: This grant will fund a study preliminary to a more concerted effort to use quantitative information more effectively. The study would examine available data sources and methods of collection, the nature of the data needs for rural development planning, the possibilities for improving utilization of data and hardware innovations relevant to conditions in LDCs.

6. Major Output(s): In addition to the study to be completed per above, the expected follow-on to this work would be the formation of an Agency-wide task force to take or recommend action(s) on the findings/conclusions of the study to bring about more effective use of statistical information.

7. Beneficiaries: Direct beneficiaries would be AID direct-hire staff, contractors and LDC officials who work with quantitative data or can be encouraged through improved AID support to do so. AID as an institution will also benefit from the ability to store and analyse data more systematically, thus contributing to its "institutional memory." The indirect beneficiaries will be the

people toward whom development activities are targeted through improved use of quantitative information in design, monitoring and evaluation of rural development programs.

8. Proposed Funding: FY 82 - \$30,000

FY 83 - \$30,000

Life of Subproject: \$60,000

New Activity Narrative: FY 82

1. Project Number: 930-0091.7
2. Title:
  - a) Marketing Mechanisms for Food Aid
  - b) ARD&N Funds
3. Purpose: The purpose of this activity is to identify methods and systems for the distribution of food aid to those who need it; in particular, the use of self-targetting food as a mechanism which relies solely on the market to get food to the poor without any intervention by public administration in LDCS.
4. Background: There are a range of approaches governments employ to assure both efficient agricultural production and equitable (needs-oriented) food distribution. These include the unregulated private market, open market sales of public food stocks, ration or "fair price" shops which sell food at subsidized prices, food stamp programs, and the use of self-targetting food. Modified market approaches which use the market mechanism (subject to certain minimal controls and interventions) may be the most appropriate vehicle for distributing food so that both efficiency and equity objectives are achieved.
5. Project Description: Perhaps up to six countries, programs of food aid distribution including Egypt, Sri Lanka, and Bangladesh, will be analyzed with the view to understanding the operational steps that were used to implement modified market approaches to food distribution. These would constitute actual case study

illustrations that might be replicable in other countries.

6. Major Output(s): A report, the conclusions of which could contribute to the development of a policy guidance/background paper on this subject.
7. Beneficiaries: AID and LDC policy-makers responsible for food-aid programs.
8. a) Proposed Funding: FY 82 - \$65,000  
b) Life of Subproject: \$65,000

New Activity Narrative: FY-82

1. Project Number: 930-0091.9
2. Title:
  - a) Incentives for Private Forestry Management
  - b) ARD&N Funds
3. Purpose: To examine the experience of the USG and other governments in formulating and implementing policy to enhance management and productivity of privately-owned forests; to abstract from lessons learned those which might be of value in developing forestry policy in developing countries.
4. Background: Community and individual fuelwood plantings will pose new policy problems to countries which have long dealt with the forestry sector only in the context of national reserves or industrial concessions. Developing forestry policies which will protect individual and community interests in their forests as well as encourage maximum productivity of these resources may require the incorporation of incentive structures which differ from those which would be relevant to commercial forestry operations.
5. Project Description: A recent study (Knapp at Yale) has examined the policy incentives for private forest-owners in the U.S. to use their forests productively. Extending this and other such analyses to permit the implications for possible policies in developing countries to be drawn out should be a reasonably inexpensive way of improving AID's understanding of forestry policy alternatives. A small

research grant would provide the starting point for this effort. It is likely that the principal investigator may also need to travel to one or two developing countries to discuss policy incentives for private forestry management in differing policy contexts.

6. Major Outputs: Paper(s) leading to policy guidance.
7. Beneficiaries: Ultimate beneficiaries will be LDC governments and private-forest owners whose abilities to manage natural resources could be enhanced through the development and application of appropriate forestry policies. Successful application of such policies would benefit the population(s) of areas covered by such activities.
8. a) Proposed Funding: FY 82 - \$25,000  
b) Life of Subproject: \$25,000

New Activity Narrative: FY- 82

1. Project Number: 930-0091.11
2. Title:
  - a) Energy Policy for Agriculture
  - b) ARD&N Funds
3. Purpose: To explore further the need and means for agricultural policy to explicitly take energy prices and supplies into account; to adapt energy policy to the requirements of the agricultural sector.
4. Background: The rising costs of energy and increasing difficulties with supplies in developing countries will have major implications for alleviating hunger and increasing the productivity of the agricultural sector. PDPR/RD is currently beginning to address these issues through a series of papers and a discussion seminar convened by the National Academy of Sciences. Empirical documentation and analysis of the linkages between energy and agriculture is still fairly limited, however; further work is needed to understand both the severity of the energy constraint on agricultural productivity and the relative efficacy of alternative ways to relieve it.
5. Project Description: The outcome of the NAS discussion seminar should indicate both topics which appear amenable to analysis and action and means for addressing them. This proposed subproject will follow up those recommendations -- in concert with the Energy Advisor, DS/EY and DS/AG.

6. Major Outputs: To be determined. It is expected/likely that the NAS seminar will call for additional analytical studies which would be commissioned, which would lead to the development of policy discussion papers.
7. Beneficiaries: The ultimate intended beneficiaries are LDC farmers.
8. a) Proposed Funding: FY 82 - \$20,000  
FY 83 - \$50,000  
b) Life of Subproject: \$70,000

New Activity Narrative: FY-83

1. Project Number: 930-0091.8
2. Title:
  - a) Food Aid Leakages
  - b) ARD&N Funds
3. Purpose: The purpose of this activity is to estimate the extent to which food "leakage" (the transfer of food across borders) constitutes a serious problem in countries which receive food aid from the U.S. --both in terms of the number of countries involved and the quantity of food involved.
4. Background/Discussion: The U.S. provides food aid to Kenya, for example, yet food produced in Kenya is actually consumed in Uganda. Similarly, the U.S. provides food aid to Tanzania, but food produced in Tanzania is sometimes consumed in Kenya. This kind of situation apparently exists in other countries such as Nepal and Upper Volta. How can the U.S. rationalize the allocation of food aid to such countries when domestically produced food is "leaked" to neighboring or other countries? To deal with this issue at the policy level, one first needs to know the magnitude of the problem.
5. Proposed Approach: An analysis of recent CDSSs and other studies for all countries which have received U.S. food assistance in the recent past (FY 80 and FY 81) will be undertaken to determine whether or not food is being sold across national borders. In those countries where this occurs, a more in-depth

analysis will be undertaken to measure this food "leakage" in relation to total food aid.

6. Major Output(s): A report, leading to development of policy guidance/background information.
7. Beneficiaries: LDC policy makers.
8. a) Proposed Funding: FY 83 - \$60,000  
b) Life of Subproject: \$60,000

New Activity Narrative: FY-83

1. Project Number: 930-0091.10
2. Title:
  - a) Issues in Area Development
  - b) ARD&N Funds
3. Purpose:

To build on the foundation of recent work done for the Agency and others in assessing different development approaches to large rural areas.

To provide options on which to base policy guidance to the field on effective strategies for dealing with the equally pressing development problems of resource exploitation and conservation in large, ecologically bounded rural areas.
4. Background:

It has been estimated that by the year 2000 all large virgin areas amenable to integrated development schemes will have been exhausted. Such development schemes are demanding a steadily rising flow of donor funds for their support. At the same time, the issues raised by Global 2000, and the concern with environmental conservation and management in the FAA and elsewhere make it clear that the Agency must attend to both aspects of large scale area development. Both also entail changes in behavior of affected human populations, as settlement/resettlement is often an element of the development scheme. At first glance, it would appear that large scale area development schemes and natural resource management are inherently competitive development activities, necessitating a choice by AID country programmers as to which course to support. However, some country-level projects have already been initiated that successfully combine the two objectives. In addition to

these action-oriented programs, three study activities presently being carried out with Agency funding would provide a foundation for an assessment of the extent to which the development and conservation objectives diverge or complement each other. The studies are the DS/RAD Human Settlement work, due to be completed in August 1981; the ongoing Environmental Profile series carried out jointly by PPC's Environmental Affairs Office and missions; and the PPC/E Impact Evaluation series on area development projects, continuing through FY 82.

5. Project Description: The proposed study would build on the information gained from these sources and others to examine the compatibility or competition between the objectives of these two major rural development directions and their implications for the affected human populations. The study would build on guidance presented in the June 1978 Agricultural Development Policy Paper and March 1979 Policy Determination 72, Land Reform. It would also look at the efforts of other donors and host countries themselves, and delineate the alternatives that AID should consider in area development.
  
6. Major Output(s): The study would result in a summative paper, not entailing new research, but bringing together what is known to date to allow PDPR/RD to consider the policy options and provide guidance to the missions in assessing whether or not, and how, to assist host countries engaged in large scale area development.

7. Beneficiaries: Direct beneficiaries would be AID field missions, which would be provided with a review of the issues in area development/conservation schemes and further guidance on assistance to host countries engaged in such schemes.
  
8. a) Proposed Funding: FY 83 - \$60,000  
b) Life of Subproject: \$60,000

## 2. Human Resources Division

Statement of Continuing Activity: FY 1982 and 1983  
930-0068 - Fertility Impact of Development: Continuing Project (PN)

Narrative

1. Purpose. To encourage the use of appropriate development measures to build motivation for smaller families and for developing more effective policies for promoting voluntary family planning.
2. Background. Under Section 104(d) of the Foreign Assistance Act (as amended), the Agency is required to consider the fertility impact of development policies and programs and to use appropriate development programs and policies to build motivation for smaller families. Although all Bureaus are responsible for fulfilling the mandate of 104(d), PPC has central backstopping responsibility for the Agency. This project, in conjunction with project C073, is our principal means of fulfilling our responsibility.
3. Project Description. This project focuses on some of the key relationships between population growth and rural development, education, health, women's opportunities, and family planning. It is designed to develop and disseminate information on these linkages through publications, meetings, and small conferences.
4. Progress and Activity to Date. In FY 78, PPC and the Asia Bureau collaborated on a three-year grant to the Population Council to support a program of activities designed to improve understanding of the socio-economic determinants of fertility and the demographic impact of development programs in Asia. PPC also supported an analysis of health behavior, child mortality, fertility, and rural development in Tanzania. In FY 79, PPC supported research studies and literature reviews on a number of important topics related to fertility (women's employment, social security, mortality, nutrition, etc.) and, as part of PPC's project 930-0069 (Women's opportunities and fertility) made a grant to support the in-country applications of the Women in Management program of the Centre for Population Activities. In FY 79 we also supported a study of the impact of nutrition, health, and family planning interventions on contraceptive use, breastfeeding, and fertility, and an analysis of information from rural areas of India and Philippines to examine the relationships between availability of public services (family planning, schools, health, etc.) and the status of child health, and the impact of both on fertility. In FY 80, this project provided support for an analysis of three major rural development projects, and their impact on women, the family, and the factors that affect desire for family planning. The results of all these studies, or in some cases, preliminary findings, have been communicated to AID field missions through detailed reports, summary cables, and presentations at regional meetings, workshops, and training sessions.

Recent discussion on the use of natural family planning (NFP) as a method of voluntary family planning has led to the need to examine the use of this method in actual in-country program settings. In FY 81, PPC will support a small operational research program on the utilization of NFP as part of voluntary family planning programs in several Latin American countries. Another study will be a retrospective analysis of an integrated program that provided income-generating activities as well as family planning services to women in Ecuador. This study will give us much better information on the problems and potential of such integrated activities. A third activity will monitor the impact of adding population and family planning information to on-going non-formal education programs in two African countries. In FY 1982, we will explore two policy issues that have recently arisen: 1) the effectiveness of incentive schemes in expanding contraceptive prevalence and 2) the impact of changes in the quality of service delivery (sometimes called the "user's perspective") on continuation rates.

5. Major outputs over life of project. We expect to develop a body of more precise knowledge on how development influences fertility, a series of policy discussion papers and a number of innovative projects that incorporate these findings.
6. Beneficiaries. The project is designed ultimately to benefit the poor, especially women, by improving understanding of the ways that development activities can make smaller families a more attractive option, with benefits accruing to women's health and the general welfare of the poor.
7. Budget Year Program, FY 83. In FY 83, we expect to concentrate attention on three important policy issues related to the Agency's 104(d) mandate and its overall population program:

Natural family planning: The results of work begun in FY 81 will be analyzed for their policy implications and the results will be disseminated and discussed throughout the Agency and with other donor organizations. This may lead to redefinition of our policies, and more appropriate or more specific program guidance to field missions on NFP.

Incentives. We expect to undertake analytical activities to define better the potential of incentive schemes as a link between social and economic situations of individuals and communities and actual use of contraceptives. This will build on results of previous research and analysis on the factors which influence individuals to regulate fertility. From this work, we expect to develop policy guidance for missions on when, if at all, AID should support programs that explicitly reward couples that practice family planning.

Impact of AID Development Programs on Fertility. Based on both research findings and analysis of innovative interventions, there will be an emphasis on providing policy makers and development program managers with two types of information:

- examples of the impact of specific development programs on fertility in order to develop an awareness of these inter-relationships;
- practical guidance on how to analyze and re-orient programs in other sectors so that they create conditions conducive to smaller families.

8. Project Funding: FY 1982: \$175,000  
FY 1983: \$175,000

Statement of Continuing Activity: FY 1982 and 1983

930-0078 - Women's Opportunities, Childbearing, and Child Welfare: Continuing Project (SDA)

Narrative

1. Purpose. To respond to Section 104(d) by examining ways in which improved education, employment, and other opportunities for women affect fertility patterns and family welfare, and to assess the impact of such projects on the family.
2. Background. Under Section 104(d) of the FAA, the Agency is required to consider the fertility impact of development policies and programs and to use appropriate development programs and services to build motivation for smaller families. Though all Bureaus are responsible for fulfilling Section 104(d) PPC has central backstopping responsibility. Evidence has shown that there is a significant interrelationship between the status and opportunities of women and fertility and the well-being of the family. This project is designed to test the effect of improved opportunities for women not only on fertility, but also on the well being of the family as a whole. Although fully consistent with PD 60 (Integration of Women into National Economies), this project takes improvements in women's opportunities as the point of departure and directs analytical attention to the impact of such activities on health, nutrition, fertility, income, and educational attainment.
3. Project Description. This project supports analytical efforts to examine the intersectoral linkages between changes in women's opportunities and improvements in health, nutrition, fertility, education, and other human resources concerns. It is an integrated project designed to identify strategies for designing programs for women that also have significant impacts on fertility, family welfare (especially the well-being of children), and family income. This project succeeds the FY 79 project (see below) designed to explore one element of this expanded project, namely, the fertility impact of women's opportunities.
4. Progress to date. In FY 1979, under a project entitled "Fertility Impact of Women's Opportunities", a grant was made to the Centre for Population Activities to support the in-country training and follow-up activities of their "Women in Management" program.

In FY 80 a grant was made to the Pathfinder Fund for the development, implementation and evaluation of small income-generating projects for women which would be analyzed for a better understanding of the linkages between women's economic participation and fertility attitudes and behavior and family well being. This activity will also provide practical guidance on what interventions work best to encourage desire for smaller families.

In FY 1981 we worked with the Women in Development Office and others both to support innovative action programs directed at women (e.g., CEPPA, IPPF, Pathfinder, ICRW) and through development policy analysis to help field missions and development planners in the identification, development, and evaluation of programs that expand women's opportunities with a view to their impact on the health and well-being of the family.

5. Major Outputs over Life of Project. A body of knowledge related to "Women's Opportunities, Childbearing, and Child Welfare" and involving at least six analyses, several efforts to incorporate this knowledge into policies and programs, and publication of the results.
6. Beneficiaries. Third-World women and their families, through benefits in terms of improved policies and programs to improve the health, nutrition and economic status of the family.
7. Budget Year Program, FY 83. During 1983 the focus will be on several issues which follow from earlier work on women's projects.

Impact of Small Integrated Women's Projects. What is the potential for replication of small integrated development projects? What role do specific women's projects play in implementation of the Agency's mandate to assist the poor and their families?

Value of Children to Women. What is the value of children to women under different social, economic and cultural conditions? How does this value change with various development interventions? Answers to these questions will be based on both measurable value of children to their mothers, for instance in terms of work they do at home and for cash, and also on the mothers' perceptions of their value in social, economic and psychological terms.

Women's Work and Childcare. Examination of the interrelationships between women's economic participation, child care facilities, breast-feeding practices and fertility.

8. Project Funding: FY 1982: \$175,000  
FY 1983: \$175,000

Statement of Continuing Activity: FY 1982 and 1983

930-0082 - Alternative Policies to Promote Village Health: Continuing Project (HE)

Narrative

1. Purpose. To enable developing countries to develop more effective policies to promote health, particularly among the rural poor.
2. Background. Health and population are among AID's priority development areas. The efforts of the World Health Organization to encourage developing countries to adopt Primary Health Care as a means of providing "Health for All", and the U.N.-supported International Water Supply and Sanitation Decade, have focussed attention on some of the unresolved policy issues in health.

Within AID, PPC's role is to identify, develop, and promote the investigation and resolution of many of these issues. We are especially concerned with the comparative cost and effectiveness of alternative methods of providing primary care, improved water and sanitation, and communicable and tropical disease prevention and control, and with identifying opportunities to promote health through other development sectors. This project will enable the Agency to increase its ability to compare alternative health strategies, and to select the approach most appropriate to any specific setting.

The understanding gained through this project is essential for AID bureaus and missions and for LDCs to make informed decisions about the allocation of scarce health resources, and to ensure that activities in other sectors complement the goal of promoting health.

3. Project Description. This project is the Agency's principal means of measuring the comparative effectiveness of different health policies, including (1) village-based health services; (2) improvements in water supply and sanitation; and (3) the design of agricultural, nutrition, and educational programs, and of economic and social policies.
4. Progress and Activity to Date. A major 3-year effort by an interdisciplinary team of health planners at the University of Michigan to improve the analytic base for health planning in LDCs, initiated in FY 79, is well underway. The Michigan team has been working with health planners from several LDCs to develop the information needed to apply the model to these countries, and in most cases has modified the model to suit the requirements of individual countries. Data on such health status indicators as age-specific mortality, morbidity and disability days for various illnesses, and the costs of different program mixes are included.

Several small-scale studies were initiated in FY 81 to address other issues involved in the selection of alternative health strategies: a review of the adequacy of cost (especially recurrent cost) calculations in primary health care; a review of the evidence supporting certain preconditions that may be

necessary for the success of programs to improve water supply and sanitation in developing countries; research into the feasibility of incorporating domestic water supply programs into irrigation activities in developing countries; and the analysis of an existing study in the Philippines to determine the existing demand for health services of various types. These studies will answer specific questions that have arisen in the course of developing policy guidance in major areas of health of interest to AID.

In FY 82, we expect to support work on the impact on health of major development projects (e.g., the impact of irrigation programs on the incidence of schistosomiasis). We will develop a policy discussion paper on primary health care and will give particular attention to the cost implications of major health-related projects supported by the Agency.

5. Major Outputs over Life of Project. The activities described in 4. above will contribute to the formulation and refinement of policy, by giving us the empirical basis needed to prepare guidance in this important area.
6. Beneficiaries. The poor in developing countries receiving AID assistance in health.
7. Budget Year Program, FY 83. During FY 83, we will pursue work initiated in FY 82 on the cost of primary health care (PHC) and of improved water and sanitation. We will also focus attention on providing efficient and effective primary health care programs. We will look at alternative means of financing health and water/sanitation, and will seek to establish the minimum elements for effective PHC systems in rural and in urban settings. Of concern is the most efficient mode of delivering services: a health post? mobile clinic? or in the absence of any fixed building, but rather via village-based workers operating out of their own homes? or through the private sector?
8. Project Funding:   FY 1982:   \$175,000  
                          FY 1983:   \$170,000

Statement of Continuing Activity: FY 1982 and 1983

930-0088 - Investments in Human Capital for Equitable Growth: Continuing Project (SDA)

Narrative

1. Purpose. To develop and promote cost-effective intersectoral programs to achieve equitable growth in LDCs.
2. Background. To development planners an important question is how can health, family planning, nutrition, education, and other "human resource" programs contribute effectively to economic growth and income distribution besides alleviating immediate distress and fostering social equity? What are the implications of a broad range of human resources programs for economic development, and what lessons can be drawn for development planners?
3. Project Description. This project is designed to assess the impact and cost effectiveness of a variety of investments in "human capital," (e.g., education, health, family planning, and nutrition) on economic growth and income distribution in LDCs. It is designed to determine which policies best encourage the most cost effective mix for sector strategies, through analysis, technical advice, and limited support of trial projects. It is an express response to the need to determine the most efficient and cost effective strategy to maximize the impact of human capital development on economic growth in developing countries.
4. Progress and Activity to Date. This project was begun in FY 80, and has concentrated thus far on analytical activities in five areas: (1) nutrition, health, and family planning interventions; (2) cross-cultural differences in weaning patterns; (3) credit markets in traditional and developing societies; (4) determinants and consequences of internal migration; and (5) economic growth.
5. Major Outputs over Life of Project. In FY 81 and FY 82, this project provides a program of training and collaboration with researchers and policy makers in developing countries, as well as workshops and seminars, and a variety of publications which have been and will be developed to disseminate information from this analytical program. The dissemination activities include broad dissemination within the Agency.
6. Beneficiaries. Host country planners, program designers and policy makers are the primary beneficiaries. Ultimate beneficiaries will be the poor of developing countries.
7. Budget Year Program, FY 83. This analytic activity is expected to be completed in FY 83, at which point we will have major policy discussion papers of the results of the analytic work, and a summary and assessment of the training and information dissemination activities.
8. Project Funding: FY 1982: \$260,000  
FY 1983: \$190,000

Statement of Continuing Activity: FY 1982 and 1983

930-0089 - Implementation of Education Policy: Continuing Project (EH)

Narrative

1. Purpose. To allow PPC to develop, in conjunction with AID's educational policy paper, a series of strategy papers on key selected policy issues.
2. Background. In order to achieve its purpose this project will explore a number of issues and topics: What is known about the effectiveness of various educational and training modalities and their appropriateness for developing countries? What kinds of cost-effective delivery systems are there for expanding primary education coverage? What is the impact of policies and programs in a variety of development sectors on educational attainment and skills acquisition? Alternatively, how can education programs enhance the effectiveness of development programs in such fields as health and family planning, rural development, employment creation in the small business and informal sectors and the like? These are some of the policy issues that developing countries and donor agencies are facing in the education sector.
3. Project Description. This project is designed to focus on key interrelationships between education and other sector activities, as well as on comparative costs and effectiveness of alternative education and training approaches.
4. Progress and Activity to Date. This is a new activity for FY 82. In FY 82, we will develop strategy papers through state-of-art research and evaluative case studies on key issues relating to basic education of children, youth and adults. Skill-training options for small business and informed sector occupations, and increasing community participation in planning, implementation and financing of education. These strategy studies will amplify for field missions the new Agency policy guidance on education, and give concrete indications of what can be done in specific settings.
5. Major Outputs over Life of Projects. We expect to develop a series of strategy papers on specific topics in education and training, and relationships of education and training to other sectoral activities.
6. Beneficiaries. The immediate beneficiaries are the Agency's staff working in the field of education and human resources development, as well as those working in the agriculture, health and population sectors. Ultimately, the poor of the developing world will benefit from improved Agency policy and strategy in these areas.
7. Budget Year Program, FY 83. In FY 83, policy analysis will be devoted to such issues as: the social and economic factors that determine which children enter school and which drop out; the social, economic, administrative, and other factors responsible for costly inefficiencies in LDC school systems --

inefficiencies that are reflected in high repeater and drop-out rates, as well as in the growing number of educated unemployed and underemployed; and cost-effective strategies for expanding and improving basic education systems in developing countries.

As appropriate, we expect to fund literature searches, conferences, and original research to investigate these issues.

8. Project Funding: FY 1982: \$175,000  
FY 1983: \$200,000

Statement of Continuing Activity: FY 1982 and 1983

930-0096 - Nutrition and Development: Continuing Project (FN)

Nutrition

1. Purpose: To improve development planners' understanding of the linkages between nutrition and other development sectors, and to develop and promote cost-effective programs to improve nutritional status in developing countries.
2. Background: Nutrition is critically important to the success of other development efforts. There is growing evidence that nutritional deficits contribute significantly to health problems in developing countries; that chronic moderate malnutrition reduces the productivity of labor; and that childhood malnutrition has a strongly negative impact on learning ability and perhaps intelligence as well. Moreover, good nutrition for mothers and children increases the likelihood of children surviving into adulthood, thus reducing the necessity for parents to plan insurance births, and so contributes over the long run to reduced fertility. Unfortunately, development planners too often assume that nutritional status will improve automatically with an increase in agricultural production. As yet, little attention has been given to the importance of crop selection, marketing mechanisms, and cultural patterns affecting food preparation and distribution in determining who actually benefits from increased agricultural yields. Young children and women of childbearing age are nutritionally most at-risk, yet their specific needs are rarely considered in the design of programs to improve agricultural production. There is some evidence that well-targeted food distribution programs linked to health, education or population initiatives can have major impact on both nutritional status and the goals of these other programs, but many critical questions about financing, management, commodity selection, and equity impact over the long term remain to be answered. In other areas, such as the impact of high energy costs on people's ability to grow and prepare nutritious food, we are just beginning to recognize serious implications.
3. Project Description: This project is designed to improve our understanding of and ability to program for the intersectoral implications of nutrition, especially in terms of human resources development, but also with respect to the nutrition-related impact of agricultural programs, PL 480 programs, energy development, and so forth.
4. Progress and Activity to Date: In Fy 80 and FY 81, a series of papers on issues broadly relating to nutrition and agriculture concerns were commissioned. Subjects included were the social and nutritional impacts of resettlement, nutritional implications of declining fuelwood availability, nutritional impact of livestock development schemes among pastoral populations, nutrition and labor migration, and the present and potential role of edible wild plants in agricultural development. These papers have been

distributed within the Agency and outside, and have led to improvements in the state-of-the-art on these topics. In FY 82, we will be directing our attention toward basic policy guidance for the Agency. We will focus on problems of nutritional status per se, exploring the determinants of nutritional status (the intervening factors between food production and consumption) as well as the consequences of poor nutrition for health, productive employment and training.

5. Major Outputs over Life of Project. We anticipate developing a series of component papers on key nutritional issues and an Agency nutrition policy paper.
6. Beneficiaries. The immediate beneficiaries are the Agency staff working in the field of nutrition, health, population and agriculture. The ultimate beneficiaries will be the populations affected by projects reflecting improved Agency policy in the nutrition area.
7. Budget Year Program, FY 83. In FY 83, we expect to undertake two or three activities to address critical issues defined to date:

Income Increments and Improved Nutrition: What levels of increments to income are required before there is a definite positive impact on improved nutrition? What are the implications of distribution and control of increments to income among family/household members for improved nutrition, especially of women and children?

Nutrition and Program/Project Design: Are simpler, single, sector interventions that donor agencies and host countries may find easier to program likely to have greater or lesser impact on nutritional status than are multi-sector, integrated projects which may be harder to plan and implement?

Food Distribution Programs and Nutritional Needs: What is the state-of-the-art on the feasibility of food distribution programs in addressing critical nutrition needs?

8. Project Funding: FY 1982: \$100,000  
FY 1983: \$135,000

Statement of Continuing Activity: FY 1982 and 1983

930-0097 - Human Resources Strategies: Continuing Project (SDA)

Narrative

1. Purpose. To allow PPC, in conjunction and collaboration with the regional bureaus, to conduct an experiment in social and institutional profiling, to improve the Agency's ability to collect and analyze social, political and institutional data on country beneficiary populations, institutions and development decision processes.
2. Background. There is a recognition within missions and AID/W that the present system of providing country-level data on the characteristics of poor populations of host countries and trends which affect them is inadequate as it is reflected in the CDSS process. Additionally, it is recognized that project-level social analyses are encumbered by the necessity of reiterating regional and country-level social and institutional information as a result, and are therefore more expensive, less immediately relevant to projects, and possibly, too numerous. Further, there is a sense that a new framework is also needed to assess institutional capability in certain key sectors and across sectors in host countries especially in terms of their beneficial impact on the poor target groups.
3. Project Description. This project is designed to improve our understanding of the kinds of key variables affecting the poor populations constituting AID's anticipated beneficiaries, how data on them can be gathered in a timely and least-cost way, and how they can be analyzed in a manner most useful for strategy development and new project identification. The project would allow, on a collaborative and cost-sharing basis between PPC and the regional bureaus, the conducting of an experiment to carry out social and institutional profiles in each geographic region, and per region. If the experiment is judged successful, it will have implications for changes in the content of CDSS analyses, and of project-level social analyses to be carried out in the future. It will also facilitate the planning of programs and the development of strategies at the country/mission level which will be more accurately responsive to the constraints faced by the largely heterogeneous target groups. Profiles in the experimental phase will be carried out in countries to be selected by an inter-bureau working group. Teams to carry out profiles will be comprised of AID/W social scientists, mission personnel, U.S. and host country social scientists on personal services contracts. The estimated timeframe for each profile in terms of in-country fieldwork is two months, although flexibility is required given the range of available data and local expertise in-country.

4. Progress and Activity to Date. This is a new activity for FY 82. In FY 82, we anticipate that one profile will be carried out in each geographic region, and that the results of the profiling experiment will be assessed by an inter-bureau working group, leading to the generation of guidance on profiling if the experiment is judged successful.
5. Major outputs over life of Project. At least four country/regional social and institutional profiles, with the possibility of a further focus in FY 83, largely funded by the regional bureaus, as well as a series of papers on the impact of alternative investments on basic development objectives.
6. Beneficiaries. In the first instance, the field missions and their host country planning counterparts will be the main beneficiaries of the outputs of the project. However, since the project is specifically designed to improve the Agency's ability to identify and more accurately and adequately reach the poor target groups in host countries, the anticipated beneficiaries of AID strategies and projects are the ultimate beneficiaries of this project.
7. Budget Year Program, FY 83. In Fy 83 we expect to provide limited additional support to the profiles program begun in FY 82 (should it be warranted), and to support economic and related analysis of the impact of alternative investments on basic development objectives. These analyses will be explicitly intersectoral - e.g., we will be looking at the impact on health of investments in education; the impact on fertility of investments in health; the impact on nutrition of investments in agriculture; the impact on educational attainment of investments in health. Through this activity we will be examining how health, family planning, nutrition, education, and other "human resource" programs contribute effectively to development besides alleviating immediate distress and fostering social equity.

As appropriate, we expect to fund literature searches, conferences, and original research to investigate these issues.

8. Project Funding: FY 1982: \$225,000  
FY 1983: \$180,000

### 3. Economic Development Division

New Activity Narrative: FY 82

1. Project Number 930-0092.1
2. Title: Economic Research: Recurrent Cost Financing (\$60,000)  
Appropriation Account: Selected Development Activities
3. Project Purpose: To provide USAID's with information on new, innovative recurrent cost financing mechanisms so as to aid them in project design.
4. Background: The Economic Development Division is currently drafting guidance to be sent to USAID Missions to help them analyze recurrent cost problems and to suggest appropriate remedies. There are many gaps in the paper as far as specific financing mechanisms are concerned. However during the development of the recurrent cost paper it became clear that there are a number of interesting and imaginative financing mechanisms currently being used in many projects in LDC's, both donor-financed and locally-financed.
5. Project Description: This sub-project is intended to gather information on these initiatives, summarize this experience, and hopefully provide some general guidelines on the usefulness of different innovative financing mechanisms.

The methodology of this study will combine a survey of the literature with consultation with donors in order to provide a catalogue of current experience in this area. It is estimated that such a study would require six person months and could be completed within a year of its inception.

6. Major Outputs

The final product will provide Missions with information on how to design projects to avoid recurrent cost problems.

7. Beneficiaries:

USAID Missions and their clients

8. Future Year Funding Requirements: None

New Activity Narrative: FY 82

1. Project Number           930-0092.2
2. Title: Economic Research: Labor Market Institutions and  
Employment Policy (\$75,000)  
Appropriation Account: Selected Development Activities
3. Project Purpose: Assist Missions in understanding the labor market  
context for designing employment-generation projects.
4. Background: The creation of productive employment is an element of  
economic development which is critical both to equity and to further  
growth. A.I.D. is increasingly concerned with the creation of  
employment in LDCs outside the public sector, both within and  
outside of agriculture. The research proposed here will investigate  
the indigenous labor market institutions that have to be considered  
and influenced in devising and implementing employment policies.
5. Project Description: The study would modify labor market analysis  
techniques already developed for the U.S. and apply them to a  
selection of developing country situations, building upon related  
studies in Latin America, West and East Africa, India and perhaps  
Thailand and Indonesia. The study will require about eight person  
months of input and should be completed within 12-15 months of its  
inception.
6. Major Outputs  
  
Guidance for USAID Missions in employment-generation project design
7. Beneficiaries:  
  
USAID Missions and their clients
8. Future Year Funding Requirements: None

New Activity Narrative: FY 82

1. Project Number: 930-0092.3
2. Title: Economic Research: Case Studies in Technology Choice  
(\$75,000) - Appropriation Account: Selected Development Activities
3. Project Purpose: The project will be helpful to Missions in understanding the crucial issues in technology choice, so that appropriate technologies are adopted in AID projects.
4. Background: In late 1979, the Agency created a Task Force on Capital Saving Technology. Chaired by an EDD staff member, this Agency-wide Task Force identified as one priority concern the manner in which technology choices are made in LDCs.
5. Project Description: EDD proposes to sponsor a project which would investigate several cases in which specific technologies have been selected from a set of clear alternatives, in order to reach conclusions regarding the cultural, economic, political and social forces affecting various groups of decision makers. The project would be useful in providing a set of practical lessons on how A.I.D. interventions might be designed to improve the likelihood that new technologies would be appropriate to the local environment.  
  
The paper would investigate a number of issues evolving from a policy emphasis on creating productive employment opportunities, promoting efficient technologies, and relying more heavily on the private sector. A number of case studies will describe the different perceptions of host and donor country businessmen, host and donor country government officials, and technical experts such as engineers, economists and other social scientists.
6. Major Outputs:  
  
Guidance for USAID Missions on technology choice in development projects.
7. Beneficiaries:  
  
USAID Missions and their clients.
8. Future Year Funding Requirements: None.

New Activity Narrative: FY 82

1. Project Number 930-0092.4
2. Title: Economic Research: Small Country Data System (\$40,000)  
Appropriation Account: Selected Development Activities
3. Project Purpose: The project will provide information that will be applicable to the data collection problems of small island countries of the Caribbean, East Africa and the Pacific, and eventually to other small countries in whose economies international trade is important.
4. Background: EDD has a long-standing concern with data development.
5. Project Description: The "Data System for a Small Country" project is intended to find and test some statistical short-cuts which would reduce reliance on expensive sample surveys in establishing social accounting matrices, and to develop a model for estimating the direct impacts of injections of resources into one sector on other sectors and, on feedback, the indirect impacts on the sector itself. The study will require from six to eight person months and would be completed within one year of its inception.
6. Major Outputs: A methodology for estimating the effects on small countries of major injections of outside resources with limited data collection.
7. Beneficiaries: USAID Missions in small island countries.
8. Future Year Funding Requirements: None.

New Activity Narrative: FY 83

1. Project Number: 930-0092.5
2. Title: Economic Research: Economic Liberalization and Policy Change  
(\$130,000) Appropriation Account: Selected Development Activities
3. Project Purpose: This project is designed to provide Missions with the analytical framework within which policy negotiations can take place.
4. Background: Given the success of Korea, Taiwan, Singapore, and Hong Kong, a number of LDC's are moving (and being urged by donors) to liberalize their economies by moving toward freer markets both internally and externally. This is an issue which is of growing importance to A.I.D., particularly as increased reliance on ESF and non-project assistance modes sharpen the policy dialogue. If we intend to use our assistance to encourage policy reform, we need to know a great deal more about the policy reform process.
5. Project Description: This project will be designed to investigate the process of policy change - Which policies are relatively easy to change? What policies extremely difficult? What are the politics of policy reform? What is the role of donors? How important are large aid packages in leveraging policy reform? These issues will be treated by a multi-disciplinary research group (economics, political science, public administration) which will investigate past policy reform experience.
6. Major Outputs: Guidance for USAID Missions on the analytical framework for undertaking policy reform analysis and dialogues.
7. Project Beneficiaries: USAID Missions
8. Future Year Funding Requirements: None.

New Activity Narrative: FY 83

1. Project Number 930-0092.6
2. Title: Economic Research: Transfer of Technology in the Private Sector (\$70,000) Appropriation Account: Selected Development Activities
3. Project Purpose: To develop an understanding of the technology transfer process in the private sector so as to develop AID policy in this area.
4. Background: There is a great debate going on as to the role of the private sector in transferring technology to LDC's. Of particular concern is the "appropriateness" of this technology in terms of both increased productivity and increased employment. As the U.S. Government moves to encourage increased involvement of U.S. private firms in the development process, A.I.D. needs to know more about the parameters of this involvement; the determinants of technology transfer; the role of multinationals in the poorer countries; and the equity impact of certain types of technology transfer.
5. Project Description: EDD will commission a study of the ways in which US firms transfer technology to LDC's. Of particular interest are the parameters determining choice of technology both by U.S. firms and L.D.C., governments the way in which U.S. and LDC government policy encourages certain technology choices, and the employment and equity implications of these choices.
6. Major Outputs: A paper outlining the policy instruments and issues involved in the transfer of technology by U.S. firms to LDC firms.
7. Beneficiaries: AID policy makers
8. Future Years Funding Requirements: None

New Activity Narrative: FY 83

1. Project Number 930-0092.7
2. Title: Economic Research: The Trading Sector and Small Scale Manufacturing (\$75,000)  
Appropriation Account: Selected Development Activities
3. Project Purpose: To assess the ways in which AID can develop activities in the wholesale trade sector which can encourage the development of small scale manufacturing.
4. Background: The Agency's interest in promoting development by relying more heavily on the private sector suggests that it may be useful to examine the role of private merchants and traders in developing countries. Studies in Britain and Japan have emphasized the importance of the "putting out" system in fostering rapid industrialization. The "putting out" system involves close cooperation between merchants/traders who supply materials and fledgling manufacturers who provide labor and machines on which the materials are worked. Despite the considerable employment generated in a putting out system and the capital saving nature of the technologies usually employed, the private merchant/trade sector has been virtually ignored by donor agencies.
5. Project Description: This project will finance a state-of-the-art study of the linkages between indigenous merchants/traders and the entrepreneurs who operate small non-farm enterprises. The project will seek to identify types of interventions which would strengthen those linkages as well as opportunities which would permit closer cooperation between U.S. firms and these merchant/traders.
6. Major Outputs: Guidance to USAID Missions on the ways in which private sector interventions in the trade sector can be designed for employment generation.
7. Beneficiaries: USAID Missions
8. Future Year Funding Requirements: None

New Activity Narrative: FY 83

1. Project Number: 930-0092.8
2. Title: Economic Research: Subsidies and Pricing Policy in LDC's  
(\$75,000) Appropriation Account: Selected Development Activities
3. Project Purpose: To provide guidance to USAID Missions on appropriate pricing and marketing policy reform
4. Background: The current international environment is very conducive to moving away from non-market solutions toward greater reliance on market-determined prices. This is true for all sectors of the economy - agriculture, energy, manufacturing, and services. At the same time price controls and subsidies do serve legitimate policy concerns, both in terms of equity and in terms of inducing technological change. It is important for both AID Missions and AID/W to understand clearly the complexities of the pricing/subsidy issue.
5. Project Description: We propose a study of the state of the art in pricing policy designed to determine (1) What do we know about optimal pricing policy? (2) What second best solutions are available? (3) What are the key considerations in determining optimal pricing policy? and (4) What research is needed to provide clear policy guidance in this area?
6. Major Outputs: Guidance for USAID Missions on the questions to be considered in determining what pricing policies are appropriate in a given situation.
7. Beneficiaries: USAID Missions
8. Future Year Funding Requirements: None

Statement of Continuing Activity: FY 1982 and FY 1983

Project Number: 930-0086  
Project Title: Human Rights  
Project Funding: FY 1982: \$400,000  
                  FY 1983: \$400,000  
                  Future: Continuing  
Appropriation Account: SD

The Human Rights project encourages increased adherence to civil and political rights as set forth in the Universal Declaration of Human Rights in countries eligible for U.S. bilateral assistance. There are four major themes for this project:

- Encourage international contact among people who share an interest in problems of civil and political rights in the context of economic development.
- Encourage investigation and discussion of development successes where human rights are respected, the problems which governments have in promoting economic development that cause them to use repressive measures, and the options which are available to them.
- Encourage better understanding of relationships among civil and political and social, economic, and cultural rights.
- Encourage defense and support of civil and political rights in specific countries, including dissemination of information and advocacy and aid for disadvantaged groups and individuals.

Although there is no priority among the four themes, the majority of our past grants have encouraged contacts among Americans and Third World individuals and groups.

Statement of Continuing Activity: FY 1982 and 1983

Project Number: 930-0090  
Project Title: Social and Political Aspects of Development  
Project Funding: FY 1982: \$150,000  
                  FY 1983: \$150,000  
                  Future: Continuing  
Appropriation Account: SD

The Social and Political Aspects of Development project provides for policy oriented study and support of popular participation in development and the social and political aspects of and obstacles in development. The project is based on Section 281 of the FAA. It is linked to requirements for development policy that is broadly participatory and benefits the poor.

The key issues to be covered are:

1. Policy studies related to international migration and refugees in relation to development.

Increasing refugee and migration pressures in developing countries and demands on AID for support require guidance be developed on effects and needs for receiving countries and problems and prospects for sending countries and local communities affected. A preliminary review of the literature and discussions with people in the field indicate that a great deal of work has to be done to get a basis for sound policy.

2. Institutional development for participatory growth.

Much of the work of the aid donor agencies has been focussed on the development of public sector agencies and their extension into the country side. Other work has been done to promote local organizations. There is a tendency for the public sector agencies to blunt local initiative by overcontrolling local private groups. This is a problem for business, for co-ops, for indigenous voluntary organizations. Policy relevant guidance needs to be developed on this problem and approaches which will foster local and private initiatives and will promote public agency responsiveness.

3. Ethnic dimensions of development.

Development policies have generally been undertaken without regard for the fact that most developing countries with which we deal are made up of more than one ethnic group. At one time, there was a theory that development would reduce tensions and problems among ethnic groups. There is growing evidence, however, that development has increased tension and violence along ethnic or communal lines. While AID is not going to preach effectively or tell countries what they must do to handle their ethnic problems, development policies and also aid approaches may contribute to the problems or, on the other hand, they may help toward a solution, especially in countries where the governments want to solve rather than aggravate these rivalries. A better understanding is needed for the purpose of policy guidance.

4. Economic and social functions of families.

P DPR/HR is supporting work on the effect of families on health and on fertility. Beyond that work, it is important to recognize, as our approaches to development have not in the past, that families perform important functions with regard to capital accumulation, the operation and encouragement of private business, and social control, and also with regard to welfare and support of dependents, education and training, and employment. When the capacity or willingness of families to perform these functions is weakened by development, burdens are placed on the public sector to handle them, but the public sector cannot perform them as well and cannot raise the money to fund the agencies created to perform the functions. Also, the creation of expectations that the public sector will do these things may, in itself, undermine the willingness of family members to meet traditional obligations. A better understanding of these phenomena is required for the purpose of policy guidance.

## 5. Energy

Statement of Continuing Activity: FY 82 and 83

Project Number: 930-0077  
Project Title: Energy/Science & Technology Studies  
Project Funding: FY 1982: \$200,000  
FY 1983: \$200,000

Appropriation Account: SDA

Project Description

PPC has the responsibility for the formulation, refinement and monitoring of AID energy policy. Energy studies are required to assist in formulating these policies in this emerging area of importance to AID.

Funds will be used for studies which could include: the linkage between energy factors and economic development; energy factors as a component in agricultural production; selected analysis of the comparative costs of various types of renewable energy; potential trade-offs between conventional and renewable energy at alternative price scenarios; and selected analysis of policies in areas of particular interest (i.e. training, assessments, fuelwood, conventional fuels development).

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office \_\_\_\_\_ PPC/PDPR \_\_\_\_\_

DEVELOPMENT ASSISTANCE	FY 1981 EST	FY 1982 EST	FY 1983 REQUEST		PLANNING PERIOD			
			MIN	CJRR / AAPL	1984	1985	1986	1987
<u>Agriculture, Rural Development &amp; Nutrition</u>								
Grants	215	555	675	785	875	925	925	925
<u>Population</u>								
Grants	600	175	175	175	200	200	200	200
<u>Health</u>								
Grants	300	175	170	170	200	200	200	200
<u>Education</u>								
Grants	-	220	200	200	200	200	200	200
<u>Selected Dev. Activities</u>								
Grants	2100	2250	1355	1770	1725	1825	1875	1925
Human Rights Reserve (400)	(400)							
TOTAL DA ACCOUNTS	3215	3375	2585	3100	3200	3350	3400	3450

Total Personnel

USDH (workyears)

31.4

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT  
 FY 1981 to FY 1983  
 (\$ thousands)

Country/Office PPC/PDPR

APPROPRIATION ACCOUNT	FY 1981	FY 1982	FISCAL YEAR 1983	
			MINIMUM	CURRENT/ AAPL
<u>ARD&amp;N</u>				
930-0091 Rural Development Research (G)	215	455	540	650
930-0096 Nutrition & Development (G)	(.370)	100	135	135
Sub-Total	<u>215</u>	<u>555</u>	<u>675</u>	<u>785</u>
<u>POP</u>				
930-0066 Fertility Determinants & Women's Roles (G)	34	-	-	-
930-0068 Fert. Impacts of Development (G)	491	175	175	175
930-0069 Fert. Impacts of Women's Opportunities (G)	75	-	-	-
Sub-Total	<u>600</u>	<u>175</u>	<u>175</u>	<u>175</u>
<u>HEALTH</u>				
930-0082 Alternative Pol. to Promote Village Health (G)	300	175	170	170
Sub-Total	<u>300</u>	<u>175</u>	<u>170</u>	<u>170</u>
<u>EDUC</u>				
930-0089 Education Policy Implementation (G)	-	175	200	200
930-0088 Human Capital Invests. (G)	-	45	-	-
Sub-Total	<u>-</u>	<u>220</u>	<u>200</u>	<u>200</u>
<u>SDA</u>				
930-0002 Development Digest (G)	140	125	125	125
930-0050 World Trade Institute (G)	465	465	-	-
930-0077 Energy/S & T Studies (G)	100	200	160	200
930-0078 Women Opportunities (G)	207	175	175	175
930-0086 Human Rights (G)	750	400	350	400
930-0086A Human Rights Set Aside (G)	(400)	-	-	-
930-0088 Human Capital Invests. (G)	260	260	-	190
930-0090 Soc./Pol. Aspects of Development (G)	118	150	100	150
930-0092 Economic Research (G)	60	250	275	350
930-0097 Human Resources Strategies (G)	-	225	180	180
Sub-Total	<u>2100</u>	<u>2250</u>	<u>1365</u>	<u>1770</u>
TOTAL - DA	<u>3215</u>	<u>3375</u>	<u>2585</u>	<u>3100</u>

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	GL	INITIAL DATE	FINAL DATE	LIFE OF PROJECT COST	AUTH PLAN	CUM PRELIME AS OF 9/30/80	FY 1981		FY 1982		FY OBLIGATIONS					ITEM #	
								OBL.	EXP	OBL.	EXP	1983 APPL.	1984	1985	1986	1987		FUTURE YEAR
								ESTIMATED U.S. DOLLAR COST (\$000)										
ARD&N 930-0091 930-0096 930-0088	Rural Development Research Nutrition and Development Human Capital Investments Sub-Total	G G G	FY 79 1980 1980	cont'd cont'd 1980	- - 16	- - 16	80 44 16	215 - -	140 40 -	455 100 -	335 85 16	650 135 -	700 175 -	750 175 -	750 175 -	750 175 -	39 36	
POP 930-0066 930-0069 930-0088 930-0078	Fertility Determinants & Women Fertility Impact Development Fertility Impact of Women's Op. Human Capital Investments Women's Opportunities Sub-Total	G G G G	1979 1978 1979 1980 1980	1982 cont'd 1981 1980 1980	434 - - 300 93	434 - - 300 93	20 1007 505 300 93	34 491 75 -	20 500 200 5	- 175 -	34 450 300 100 88	- 175 -	- 200 -	- 200 -	- 200 -	- 200 -	51 42 24	
HEALTH 930-0082 930-0088	Village Health Human Capital Investment Sub-Total	G G	1979 1980	cont'd 1981	- 200	- 200	312 200	300 -	200 50	175 -	300 150	170 -	170 -	200 -	200 -	200 -	46 43	
EDUCATION 930-0081 930-0089 930-0088	Promoting Mom. Opp. in LAC Education Policy Implementation Human Capital Investments Sub-Total	G G G	1980 1981 1982	1980 cont'd 1982	- - 45	- - 45	150 -	- -	- -	- 175	150 20	200 -	200 -	200 -	200 -	200 -	23	

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE		LIFE OF PROJECT COST	LIFE OF PROJECT COST	CM/Pipeline as of 9/30/80	FY 1981		FY 1982		FY OBLIGATIONS					ITEM #		
			INITIAL	FINAL				OBL.	EXP.	OBL.	EXP.	1983 AARL	1984	1985	1986	1987		FUTURE YEAR	
			ESTIMATED U.S. DOLLAR COST (\$000)																
SDA																			
930-0002	Development Digest	G	1977	cont'd	-	120	140	60	125	100	125	125	125	125	125	125	125	58	
930-0077	Energy/Science & Tech. Studies	G	1977	cont'd	-	140	100	125	200	150	200	200	250	250	250	250	250	49	
930-0078	Women Opportunities	G	1980	cont'd	-	83	207	60	175	300	175	200	200	200	200	200	200	48	
930-0086	Human Rights	G	1978	cont'd	-	228	750	230	400	450	400	400	400	400	400	400	425	45	
930-0086A	Human Rights Set Aside	G	1978	cont'd	-	-	(400)	-	-	-	-	-	-	-	-	-	-	45	
930-0088	Human Capital Investments	G	1978	cont'd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41
930-0090	Social/Political Aspects of Development	G	1980	cont'd	385735	125	260	100	260	300	190	-	-	-	-	-	-	40	
930-0092	Economic Research	G	1977	cont'd	-	156	118	80	150	237	150	200	250	250	250	275	275	40	
930-0097	Human Resources Strategies	G	1979	cont'd	-	44	60	55	250	125	350	400	400	400	450	450	450	37	
930-0022	Social-Economic Studies & Activities	G	1982	cont'd	-	-	-	-	225	150	180	200	200	200	200	200	200	35	
930-0068	Fertility Impacts of Develop.	G	FY 79	cont'd	-	316	465	465	465	465	465	465	465	465	465	465	465	-	
	Sub-Total		1978	1982	100000	100	-	25	-	75	-	-	-	-	-	-	-	-	
	Income Distribution	G	1975	1981	-	230	-	150	-	80	-	-	-	-	-	-	-	-	
930-0643	Sub-Total					230	-	150	-	80	-	-	-	-	-	-	-	-	
	TOTAL					4269	3215	2800	3375	4460	3100	3200	3350	3400	3450	3450	3450	-	

ANNEX 3 72-R11

Country/Office  
PPC/PDPR

TABLE V - FY 1983 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	ORGANIZ/NER	LOAN/GRANT	APPROP. ACCT.	Country/Office Ppc/PDPR		PROGRAM FUNDING (\$000)		WORKFORCE (Number of Workmonths)			
					INCR	CUM	INCR	CUM	USDH	FNDH	INCR	CUM
1	930-0091.1-.7 Rural Research	0	G	ARDN	540	540						
2	930-0068 Fertility Impact of Development	0	G	PN	175	715						
3	930-0078 Womens Opportunities, Child Bearing & Child Welfare	0	G	SDA	175	890						
4	930-0082 Alternative Policies to Promote Village Health	0	G	HE	170	1060						
5	930-0089 Education Policy Implementation	0	G	EH	200	1260						
6	930-0096 Nutrition and Development	0	G	ARDN	135	1395						
7	930-0092 Economic Research	0	G	SDA	275	1670						
8	930-0097 Human Resources Strategies	0	G	SDA	180	1850						
9	930-0095 Human Rights	0	G	SDA	350	2200						
10	930-0077 Energy	0	G	SDA	160	2360						
11	930-0090 Social and Political Aspects of Development	0	G	SDA	100	2460						
12	930-0002 Development Digest	0	G	SDA	125	2585						
	Basic Workforce											375
	Total Minimum Package											2585

AID 19909 (4-81)

( 950 )

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1983 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	Country/Office PPC/PDPR		PROGRAM FUNDING (\$000)		WORKFORCE (Number of Workmonths)			
					INCR	CUM	INCR	CUM	USDH		FNDR	
									INCR	CUM	INCR	CUM
DECISION PACKAGE AAPL/CURRENT												
13	930-0091.8 Rural Research: Food Aid Leakages	N	G	ARDN	60	2645						
14	930-0091 Rural Research: Conferences/Workshops	0	G	ARDN	50	2695						
15	930-0088 Human Capital Investments	0	G	SDA	190	2885						
16	930-0092.8 Economic Research: Price and Subsidy Policy	N	G	SDA	75	2960						
17	930-0077 Energy	0	G	SDA	40	3000						
18	930-0086 Human Rights	0	G	SDA	50	3050						
19	930-0090 Social & Political Aspects of Development: Economic and Social Functions of Families	0	G	SDA	50	3100						
Total AAPL Package and Related Workforce						3100						

Table V Ranking Narrative

Minimum

The ranking of proposed FY 83 activities reflects our strategy objectives and priorities for policy research.

The FY 83 program in Rural Research basically reflects a continuation of activities initiated in FY 82 on several high priority research/study activities regarding agricultural productivity, increasing the impact of A.I.D.'s rural development and agriculture program and global issues regarding energy for agriculture.

Population and health continue to be extremely important areas for continued policy analysis and research, insofar as both are pre-conditions to successful development initiatives in other sectors. Without decreases in overall population growth, results of other development activities are largely vitiated. Without improved, cost-effective health services, productivity falls in all sectors. In the past several years, we have invested a fair amount in policy research in these two areas, and we now believe we should be able to harvest the results of the investment.

Regional Bureaus and field missions continue to look to PPC for guidance in implementation of our 104(d) mandate. Two years from now we will want to take a careful look at whether PPC should continue to have broad programmatic responsibility in this area. For now, because of the significance of policy developments in 104(d) for programs in all human resources sectors and because of the parallels between the Agency's women-in-development and 104(d) mandates, we believe this is a high priority area.

In education, we have recently completed a basic policy paper, but the field is in need of further guidance on specific, cost-effective approaches. In view of the growing realization of the importance of education, training, and, more generally, technology transfers, for overall development we have ranked this project as a high priority.

Nutrition is an increasingly important area for emphasis, given the Agency's renewed commitment to appropriate food production and security policies. Too often, the relationships between food production and nutrition are either ignored or assumed. We must make significant strides in this area as quickly as possible, and should look for a basic Agency policy paper on nutrition in FY 82.

The Agency at present, has no concrete evidence as to whether, and under what conditions, a bilateral donor can initiate or assist in policy reform, particularly in a liberalization exercise. Therefore we place high priority in investigating liberalization of economic policy through the Economic Research Project.

This economic research project is concerned with a number of issues of interest to the Agency: transfer of technology; employment generation, and private sector investment. The trade sector has been virtually neglected in the development activities of most LDC's and most donors, and yet it is the growth of this sector that is most clearly linked to small scale manufacturing and employment. This project will help identify interventions in the private trade sector that will have important linkage effects.

Through the Human Resources Strategy project we will continue to support efforts begun in FY 82 to improve the ability of USAID Mission to conduct sound social analysis for improved project identification, design and implementation. Improvements in this area of A.I.D.'s performance have been a long-standing high priority item.

Efforts in human rights and energy continue to be a priority because of the impact of the constraints to development that they address.

AAPL/Current:

In the areas of energy, human rights and participation (i.e., 090) the funds requested would augment activities contained in the minimum package and facilitate their implementation. However, the minimum level would not allow for research leading to policy guidance on food aid leakages which bears significantly on allocation of U.S. food aid. This sub-activity is ranked as important but of lesser priority than our other proposals which bear directly on LDC capacity and development.

Our proposal for research on cross-sectoral price and subsidy policy is ranked in this package because of the need to direct our staffs focus on other proposals from which we expect rapid results and relatively greater direct bearing on specific project requirements.