

Annual Budget Submission

FY 1987

PPC

**Office of Policy Development
and Program Review**



June 1985

Agency for International Development
Washington, D.C. 20523

FY 1987 Annual Budget Submission
Office of Policy Development and Program Review
PPC

Part I

Action Plan

Part II

Table I	Long Range Plan by Appropriation Account
Table III	Project Obligation by Appropriation Account
Table IV	Project Budget Data
Table V	FY 1986 Proposed Program Ranking FY 1987 Proposed Program Ranking

Part III

Narrative - New and Ongoing Project Description

FY 87 ANNUAL BUDGET SUBMISSION

ACTION PLAN

Office of Policy Development and Program Review PPC

Introduction

This Action Plan builds on the substantial progress made by this office towards achievement of the strategic and short term objectives described in the FY 85 and FY 86 ABSs. While our objectives, as described below, remain largely unchanged, our overall program is in transition as we shift from emphasizing policy development and project-by-project reviews to the promotion of policy implementation in an environment of greater decentralization (for project approval) and the further constraint on staffing.

Section 1.

Office Action Plan

Briefly, PDPR's long term objective remains to engage in research, studies and selective program initiatives to support the Agency's policy development, articulation and implementation process. PDPR will continue to carry out programs that help maintain the Agency's leadership role in: 1.) contributing to an enhanced understanding of the development process; 2.) fostering innovative approaches to development; and 3.) identifying future issues and trends in development. Of necessity, PDPR will continue to maintain sufficient flexibility in managing its research and program initiatives to respond to unanticipated requirements. These requirements often involve complex and/or controversial subjects and require a rapid response to meet the needs of Agency decision-makers.

The emphases of our near term objectives have been refined to reflect the progress and changes cited above and further discussed in Section 2:

- Expansion of the role of the private sector in development and the promotion of sound economic and deregulatory policies in public institutions (e.g. the role of intermediate financial institutions and nascent capital markets).
- Institutional development and improved organizational efficiency, including, where appropriate, the application of marketplace techniques and discipline to both private and public organizations (e.g. health care demand and financing, user fees and social marketing).

- Understanding of the relationships between country growth and specific sector development as well as the distributional effects in meeting basic human needs.
- Identification of innovative and effective approaches to development across and within specific sectors (e.g. regenerative agriculture, social marketing, private schools in the LDCs, etc.).

In addition, PDPR will continue its research efforts on special topics in key sectors in which the the Agency has longstanding interest or a leading policy role among donors. These include:

- Food Security
- Population (including 104d)
- Child Survival and Development
- Natural Resource Management
- Human Rights
- Health care Demand and Financing

PDPR's program is being developed at a time when the Agency seeks, as an overall objective, an increasing role for the private sector in the LDCs wherever possible, and when LDCs themselves are seeking alternatives both to their traditional role in the provision of services such as health care and education, as well as to continued government ownership of a great number of economic enterprises. Much of PDPR's program is intended to enhance AID's capacity for understanding and encouraging this increasing reliance on the private sector.

Parastatals and Denationalization

Since FY 1982 Agency interest in developing the private sector was extended to a consideration of the issues relating to the role of parastatals. A small study undertaken in FY 1983 indicated surprising interest on the part of LDCs in improving parastatal efficiency and in divestment of state owned enterprises. During FY 1984 we continued an investigation of the measures LDCs could take in preparing divestment plans and on the complicated process of privatization and exposure of state enterprises to market forces. It is clear that interest in denationalization continues to grow rapidly; a survey undertaken late in FY 1985 indicated that, of 55 countries queried, almost all were actively undertaking some privatization measures or had them under discussion. We will be continuing this investigation over the next two years, with

emphasis on materials leading to decisions on privatization policy principles, the relationship of privatization to capital market development, strengthening credit facilities for the private sector and on assistance to missions which are being asked to help in development of privatization plans.

Privatization of Public Services

Privatization of industries has been accompanied by a similar growth of interest in the privatization of services. At the municipal level, transport and other services are actively being privatized. At the national level consideration is being given to the privatization of health and medical services with emphasis on private sector health care and user fees. In a few more advanced LDCs social services and education are also being considered. We plan to continue investigations in this field as a whole.

Local public finance and user fees

It is generally known what may be effective national tax systems in the more advanced developing nations, but there is less information available concerning effective tax policies in the poorer LDCs. Neither are there clear guidelines for formulating effective systems of local finance to support the provision of services by local levels of government. Nevertheless, AID realizes the importance of more effective local financing (including user fees) in the lower income LDCs, not so much to increase general public expenditures (although greater revenues may be needed in some nations) but to lessen the negative impacts of reliance upon poor financing systems on production. It even appears that a careful review of administered taxes on land could substantially increase agricultural production. Local government finance also complements AID support for the decentralization of government activities, yet there remains considerable work to be done on the question of how to finance the provision of services on the local level.

Employment and development

The generation of productive employment, especially off farm and small industry, continues to be a major objective in many aid recipient countries and ranks high among most missions' project priorities. The PDPR focus in connection with employment issues relates to the assessment of the impact of past policy efforts, and to the identification of the policy approach that missions should favor in the policy dialogue at the program and project level. Such an approach emphasizes the stimulation of saving and investment, of allocating productive resources to where they are most effective, the elimination of price and nonprice distortions through greater reliance on free market forces, and promoting development projects which reflect

the true social prices of productive inputs. In connection with projects, a special emphasis is placed on agricultural and small enterprise endeavors.

Reducing Food Subsidy Impact

The question here revolves about the relationship between food subsidy and political stability; to what extent are the two related? Several research papers have recently appeared on this subject, none of which presents a fully satisfactory answer to the question. Examples can be found in which reduction or elimination of food subsidies created no mass political reaction whatever; others can be cited in which reaction was strong enough to provoke possible regime overthrow. It would be very valuable if some correlation could be found between subsidy reduction and those conditions which provoke political reaction but we do not yet know enough to make predictable guesses. It appears that there may be some relationship between popular confidence in the regime and acceptance of subsidy change but no convincing evidence of this has yet been presented. It is possible that if the populace feels that subsidy reduction is the price that must be paid for continued later improvement in economic conditions generally, subsidy reduction may be accepted but we need more evidence of this. Subsidy reduction may well be used by political agitators seeking to overthrow the regime simply as an excuse to create political disorder; here again, where is the real evidence? Further detailed research on the topic would be immensely helpful in determining at what points, and in what contexts subsidy reduction or elimination would be accepted by the people, especially in highly politically sensitive urban areas.

Family Choices for Children and Child Survival

Commitment to child survival activities is very high, both within the Agency and in Congress. AID's Child Survival Action program will concentrate on a few basic interventions, ORT, immunizations, nutrition and birth spacing. We need to determine the activities and support functions necessary to move from child survival campaigns for selective interventions to self-sustaining health care systems that will institutionalize child survival within a country. Mass immunization campaigns and other popular mobilization programs are very attractive because of their high visibility and short-term effectiveness. Without an explicit link to the permanent health system, such programs may raise expectations, prove costly and deal only with simple health problems. It is important for AID to develop mechanisms for capitalizing on campaigns to make long lasting improvements in the health system--both private and public.

We also must begin to investigate the strategies for improving children's growth and development, e.g. to move beyond child survival to child development and health. It is clear that the results from PPC funded research in education, health, population and nutrition are converging at this common point of interest. We plan to support multi-disciplinary research on costs and effectiveness of different combinations of interventions in nutrition, health, education, and child spacing with respect to achievement of several indicators of child welfare (health, nutrition status, school achievement, socialization, etc.).

Health Care Demand and Financing

The dominant theme in AID's health service delivery program over the past decade and a half has been testing and experimenting with the primary health care approaches. Our experience has shown that PHC is a workable, lower cost approach to delivering health care and raising health status than is the alternative hospital care. However, financial issues of cost recovery, role of the private sector, and sustainability have not been solved. We plan research on the feasibility of a number of approaches to the provisions and financing of health care.

Environment and Natural Resource Management

Given the high level of interest in environmental and natural resource problems in AID countries evidenced by members of Congress and others, it is essential that PPC be able to support policy studies and guidance materials covering such issues as the preservation of biological diversity, tropical forests, archaeological sites and other issues related to natural resource management. This ABS proposes funding for a series of environmental/natural resource policy studies which will increase PPC's ability to examine effectively a wide range of environmental issues for which we have not prepared formal policies and to refine the policy guidance and environmental design considerations now being used in AID missions.

Human Rights

PDPR will continue to promote the design and implementation of human rights projects through its program of research, conferences and dissemination of information on human rights issues. A particularly important initiative planned for FY 1986 is the development of a legislative training program. It will be directed toward a number of African countries which have shown at least some tendency toward democratization and have developed legislatures which could benefit from assistance

in organizing and managing such institutions to allow for free and effective participation. Conferences on tolerance of belief systems and on "Constitutions and Democracy" are also being planned under the FY 1986 PPC Human Rights Program. As in past years, PDPR will continue to support the efforts of regional bureaus and missions through the funding of consultants, seminars, preliminary studies and through the transfer of funds for specific bureau/mission projects as appropriate.

Population

The Agency remains committed to the expansion of voluntary family planning services. At the same time, there is renewed interest in the relationship between smaller families and various aspects of socio-economic development. We need to know more about both the demand for family planning services and also the best type of services to meet the needs of clients. Investigation of both supply and demand variables will focus on two areas in particular. On the supply side we will pursue our priority interest in the retail marketing of contraceptives to determine the conditions under which it is most successful. On the demand side, we know that female education is one of the most important determinants of fertility and of the use of family planning methods. We plan to carry out an analysis of the effect of education for girls on their attitudes and aspirations for themselves as adults, with particular focus on their ideas about family size. We would also like to support research to assess the utility of current measures of demand for family planning services and examine possible new means for measuring this demand.

Education

Education and human resources development activities are increasing in all regions and at all levels. In addition to continuing emphasis on expanding and improving the efficiency of basic education systems, there is growing attention to vocational/technical training related to private enterprise development and to agriculture education. A major increase in participant training is underway as well as new emphasis on agricultural universities. Along with the Child Survival initiatives, there is growing attention to child development in the pre-school years and to adult education for women. Each of these new areas of emphasis requires improved planning and analysis capacities and access to relevant research bearing on policy and strategy choices.

PDPR research initiatives will focus on three areas. These are: examination of the relationships between schools and institutional development in rural areas; improvement of

assessment and planning tools for education and training programs, and; cooperation with other international agencies and organizations involved with research and program development in the pre-school years. These activities will be new starts, but will build on previous work on the economics of private schools, female education, computer simulation of education demand projections and the impact of pre-school interventions on primary school performance. Other priority research is being undertaken with regional bureau and S&T support and the PDPR research initiatives will be coordinated with the work of the other Bureaus.

Development of Nascent Capital Markets and Intermediate Financial Institutions

The growth of a solidly based private sector requires the availability of credit facilities directly geared to the development needs of new enterprises or those which might be acquired by the private sector through divestment of public enterprises. Private development banks can assist the LDC private sector to mobilize resources, both domestic and external, for new investment. The absence of an organized capital market acts to impede the privatization of industries and services in many LDCs. Without an organized and operating stock exchange, a knowledge of financial instruments and experience in lending and borrowing, the private sector cannot operate and expand effectively. Efficient capital market development is, in turn, dependent on appropriate government policies in the legal, regulative and financial fields. While the Agency is already financing projects intended to channel more resources to the private sector, further research is needed on the process of capital market growth and on the role which intermediate financial institutions can play in assisting to create a sound foundation for private sector expansion.

Section 2.

Self-Appraisal of Benchmarks Achieved

In general, PDPR's research objectives established in last year's ABS have been achieved. There were two projects that did not get started because of staff vacancies, which covered the areas of population and health. This year we are faced with the same problem. The population position has been vacant for over a year and the health position has been vacant for about eight months. These vacancies have resulted in late obligations for health and population activities. The contract award for one larger project (Economic Analysis Management) was delayed last year because of insufficient time for competitive procurement and a backlog of work in SER/CM. Awarding of

contracts/grants through competitive procurement for FY 85 has about doubled the processing time, but we have used the two IQC's awarded last year partially to relieve these constraints and plan further research for FY 86 with them. To overcome some of the rigidities we have experienced in past in the contracting process as well as constraints on our staff, we are considering the possibility of a cooperative agreement. Under this framework a number of individual activities could be carried out without the necessity of separate contracts for each. Such an agreement with an outside organization would provide a flexibility we do not now possess, access to a pool of specialized knowledge not normally drawn on for research and the capability to directly and immediately respond, within severe time constraints, to the needs of Agency decisionmakers in AID/W and in the field.

Listed below are the highlights and objectives for fiscal years 84 and 85.

A. Roles of Private Sector and the Public Sector

1. Parastatals and Diverstiture

Over the past year memoranda have been produced on topics dealing with the privatization process including management contracting, contract plans and the role of intermediate financial institutions in the privatization. These, combined with further detailed material to be produced will be made available to missions for specific country use. Studies of privatization plans have been made for a number of countries in Southeast Asia and Africa and responses were provided to mission requests for assistance.

A study is being done to investigate and analyze the attempt by government to manipulate prices and/or distributed goods and services which affect economic growth and development in the Dominican Republic and Latin American countries.

2. Privatization of Public Service

In FY 1985 PDPR had developed, through its IQC contractor, the general methodology for building private enterprise profiles (PEPs). The PEPs examine the economic and political institutions that promote or constrain indigenous and foreign private enterprise development in LDCs. The indicators reflected the

requirements for both public and private financial flows and the decision-making criteria of the people/ organizations which commit resources, i.e. make investment decisions. The first PEPs field test is expected to start in early FY 86.

B. Institutional Development and Organizational Efficiency

1. Continued our program on Social and Institutional Profiles. The 1984 outside evaluation of the SIP program praised the program as innovative and highly successful, and recommended its continuation and expansion. The evaluation also recommended a number of operational changes that are being addressed. The SIP Interbureau Working Group is also considering ways of institutionalizing the SIP as a key tool for the Agency's programming process.
2. Final Report from Action Research Grant to Pathfinder Fund on Women, Enterprise and Development has been received and disseminated. The report raises several interesting issues related to microenterprises which we will pursue within the Agency.

C. Policy Reform and Economic Growth

1. The Sabre Foundation has completed a study of comparative techniques for fostering greater community self-reliance in the provision of housing and public goods and services in developing countries. In addition, the study has demonstrated how donor agencies can encourage greater community self-reliance through self-help measures.
2. A related study of urban public finance issues by the Sequoia Institute has looked more broadly at the organization and finance of urban public service delivery systems in developing countries. This study suggests the means by which AID can encourage greater decentralization and more reliance on the private sector in the production and finance of urban goods and services.

Both of the above studies have been undertaken in conjunction with and are intended to complement AID policies set forth in the Urban Development and Shelter policy papers, focusing on improved techniques for financing housing and urban public services.

D. Economic Stability and Growth

1. The Employment Policy Conference was held in Panama March 19-20, 1985. The seminar brought together high level policy officials from Latin America to identify the constraints to effective labor market policy design and implementation, and discussed how best to overcome them. The seminar focused on specific policy experiences, their results and the reasons for the outcomes. The seminar and the papers delivered at the conference were extremely useful to the participants, and to the drafting of the PPC's policy paper on Employment.

E. Sector Policies

1. Nutrition

Research is continuing on the impact of agricultural commercialization on nutrition and household food security. The research already funded is progressing very well. Final data collection will be completed in December 1985 in the Philippines and Guatemala. New data collection efforts will begin in August 1985 in Gambia and Kenya. Early reports indicate that households are differentiating income sources as a response to commercialization--partially in response to increased market exposure, partially as a hedge against future.

The results of earlier research on intrahousehold allocation of resources were incorporated into an article in Horizons and one principal investigator (Dr. Beatrice Rogers) has been invited to speak on the topic in many international fora. The final report, proceedings of the workshop, and a manual for field applications will be available in the fall of 1985. Results of the series of intrahousehold studies has been cabled to the field and demand for copies is high, especially for the annotated bibliography from Tufts University. We are expecting final reports on other studies which will also be publicized within and outside the Agency. The results of many of these studies will be presented at the XIII International Congress of Nutrition in Sussex, England in August 1985.

The household food security project will co-sponsor with FAO a workshop in December to determine priorities for attention related to seasonal hunger.

2. Food and Agriculture

A study "Food Self-Reliance and Food Self-Sufficiency" will be funded in FY 1985 and completed in FY 1986. It will examine the conditions that underpin a strategy of food self-reliance (as promulgated by AID). The contract is currently being negotiated and work will commence in the summer, 1985.

The "Feasibility of Small Farm Development Strategies" study was completed in FY 1985. The report was forwarded to key AID/W offices and to the field. The study confirms that small farm development strategies are not only desirable, but also feasible -- for most low-income countries in which AID works. The work was undertaken as recommended in the 1982 Policy Paper on Food and Agricultural Development.

3. Human Rights

AID supported a conference on "Constitutionalism and Democracy" which brought together surviving constitution writers from around the world to discuss principles and circumstantial factors which have distinguished their nations' constitution-making experiences. Participants evaluated the conference positively and expressed the hope of continued, in-depth study of constitutionalism.

Guidelines for Election observers were developed under AID auspices. They were reviewed by election experts in the U.S., Canada and Europe, who were favorably impressed with their relevance. The guidelines have been widely distributed in English and are now being translated into French and Spanish. The document is a major first step in getting overall agreement to the objectives and methods for observing elections.

4. Articulation

The journal Development Digest ceased to be published in November 1984 due to an OMB decision.

Monograph - The monograph series which will consist of research sponsored by AID is still an initiative we are pursuing. This series will enhance the dissemination of AID-financed research which underpins Agency policy.

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

COUNTRY/OFFICE: PPC/PDPR

	FY 1984	FY 1985	FY 1986		FY 1987	PLANNING PERIOD				
	Actual	Estimate	CP Estimate	Estimate	APPL	1988	1989	1990	1991	
ARD&N										
Grants	911	560	500	525	550	600	600	600	600	550
POP										
Grants	100	200	200	210	390	250	300	250	200	200
HEALTH										
Grants	69	75	250	250	300	275	250	200	200	200
EDUC										
Grants	277	175	200	200	285	300	300	300	300	300
SDA										
Grants	713	1425	1525	1490	1275	1375	1350	1450	1550	1550
TOTAL	2070	2435	2675	2675	2800	2800	2800	2800	2800	2800

PPC/PDPR/SPD: LWHITE: 6/17/85

TABLE III PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

COUNTRY/OFFICE: PPC/PDPR

APPROPRIATION ACCOUNT ' PROJECT NO. TITLE	L/G	FY 85 ESTIMATE	FY 86 ESTIMATE	FY 87 APPL
ARD&N				
930-0091 RURAL DEVELOP. RES.	G	270	200	150
930-0096 NUTRITION	G	290	325	400
SUB-TOTAL		560	525	550
POP				
930-0068 FERTILITY DETERMINANTS	G	200	210	390
SUB-TOTAL		200	210	390
HEALTH				
930-0082 VILLAGE HEALTH	G	75	250	300
SUB-TOTAL		75	250	300
EDUCATION				
930-0089 EDUC. POLICY IMPL.	G	90	200	285
SUB-TOTAL		90	200	285
SELECTED DEVELOPMENT ACTIVITIES				
930-0077 ENERGY	G	20	65	150
930-0086 HUMAN RIGHTS	G	400	400	400
930-0090 SDC. & POL. ASPECTS	G	30	30	30
930-0092 ECONOMIC RESEARCH	G	600	995	695
930-0097 SDC. INST. PROFILES	G	275	0	0
SUB-TOTAL		1325	1490	1275
TOTAL		2250	2675	2800

PPC/PDPR/SPD:LWHITE:6/17/85

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA
RURAL DEV/PROGRAM REV
RURAL DEV PROGRAM AND POLICY COORDINATION

PROJECT NUMBER AND TITLE: ----- ESTIMATED U.S. DOLLAR COST (\$1000)-----
 CALLS DATE -TOTAL COST- CALLS FY 84 -FY 1985- -FY 1986- -FY 87-
 LINE# FIN ACTN PLAN FY 84 LINE CALLS- EXPENC- CALLS- EXPENC-
 ACTIONS ITURES ACTION ITURES

AGRICULTURE, RURAL DEV. AND NUTRITION

9300091 PRIVATE SECTOR INNOVATIONS ETC. SUBCAT: FNCR XPVC----- 240 150
 9300091 1284 583 270 375 200 444 325 465 400
 NUTRITION AND DEVELOPMENT SUBCAT: FNPN XPVC----- 265 400

9300091 638 349 290 275 325 444 265 400
 11387

APPROPRIATION
 TOTAL 1987 930 24560 650 20525 20505 550
 GRANT 1982 930 24560 650 20525 20505 550
 LOAN

POPULATION PLANNING

9300069 FERTILITY IMPACT DEVELOPMENT SUBCAT: FNPP XPVC----- 210 150 390
 9300069 1965 99 200 158 200 150 390

9300069 FERTILITY IMPACT OF WOMENS OPPORTUNITIES SUBCAT: FNPP XPVC----- 11381

9300069 811 5 5 11381

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA
SUR. FOR PROGRAM AND POLICY COORDINATION

PROJECT NUMBER AND TITLE
 OBLIG DATE -TOTAL COST-
 OBLIG THRU FY 84
 ESTIMATE U.S. DOLLAR COST (\$000)
 FY 1985
 FY 1986
 FY 87
 PEACE
 CCRPS
 ITEM
 NC

9300022	SOCIO-ECONOMIC STUDIES AND ACTIVITIES	95	75	XPVC	11605
9300039	EDUCATION POLICY IMPLEMENTATION	95	175	XPVC	9266
					285

APPROPRIATION	508	278	445 90	256 175	200	150	285
TOTAL	508	278	445 90	256 175	200	150	285
GRANT	508	278	445 90	256 175	200	150	285
LOAN							

FUNCTIONAL ACCOUNT	6246	1676	1534	1564	1150	750	
TOTAL	6246	1676	1534	1564	1150	750	
GRANT	6246	1676	1534	1564	1150	750	
LOAN							

SELECTED DEVELOPMENT ACTIVITIES

9300022	SOCIO-ECONOMIC STUDIES AND ACTIVITIES	SUBCAT: SDPP	XPVC	9265
9300077	ENERGY/SCIENCE AND TECHNOLOGY STUDIES	SUBCAT: SCEG	XPVC	9260
9300078	WOMENS OPPORTUNITIES	SUBCAT: SCMD	XPVC	11382
9300096	HUMAN RIGHTS	SUBCAT: SCHR	XPVC	

PROJECT NUMBER AND TITLE	OBILIG DATE	-TOTAL COST-	CALLIG THRU	FY 84	PIPE-	CALLIG-	EXPEND-	CALLIG-	EXPEND-	FY 1986	FY 1987	PEACE CORPS	ITEM NO	
L INIT FIN	ALTH	PLAN	FY 84	LINE	ACTIONS	ITURES	ACTION	ITURES						
3 73 C			975	205	40C	465	40C	30C			400		9856	
9300090		SOCIAL/POLITICAL ASPECTS OF DEVELOPMENT			SUBCAT: SDPP		XPVO							
3 80 C			304	79	3C	6C	30	80			30		9861	
9300092		ECONOMIC RESEARCH			SUBCAT: SDPP		XPVC							
3 80 C			1065	413	600	425	995	525			695		9857	
9300097		HUMAN RESOURCES STRATEGIES			SUBCAT: SDHR		XPVC							
3 82 34			197	35	275	25C	80						9855	
APPROPRIATION														
TOTAL			365C	396		442	1325	1499	1193	452	1490	469	1065	1225
GRANT			3650	396		442	1325	1499	1193	452	1490	469	1065	1225
LOAN														
DA ACCOUNT														
TOTAL			9396	2372		3059	2857	2675	1800					2800
GRANT			9396	2372		3059	2857	2675	1800					2800
LOAN														
COUNTRY TOTAL														
TOTAL			9396	2372		3059	2857	2675	1800					2800
GRANT			9396	2372		3059	2857	2675	1800					2800
LOAN														

ANNUAL PROGRAM IN FY 1986
 ANNUAL BUDGET SUBMISSION
 TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	930-0092	Denationalization, Divestiture and Privatization	C	G	SDA	200	200
2	930-0096	Nutrition Policy Initiatives	N	G	ARD&N	125	325
3	930-0082	Child Survival	N	G	HEA	100	425
4	930-0091	Regenerative Agriculture	N	G	ARD&N	50	475
5	930-0092	Reduction of Subsidies and Political Stability	N	G	SDA	50	525
6	930-0092	Social Marketing: Use and Effectiveness	N	G	SDA	80	605
7	930-0068	Female Education and Fertility	N	G	PDP	140	745
8	930-0089	Inter-Agency Res. Early Childhood Education	N	G	EDUC	75	820
9	930-0068	Measuring Demand for Family Planning Services	N	G	PDP	20	840
10	930-0082	Health Demand Financing	N	G	HEA	150	990
11	930-0091	Agricultural Land Taxation	N	G	ARD&N	75	1065
12	930-0096	Household Food Security	N	G	ARD&N	200	1265
13	930-0068	Family Choices for Children	N	G	PDP	50	1315
	930-0092	Family Choices for Children	N	G	SDA	100	1415
14	930-0092	Small Capital Markets (including IFIs)	N	G	SDA	100	1515

ANNUAL PROGRAM IN FY 1986
 ANNUAL BUDGET SUBMISSION
 TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPR ACCT	INCR	PROGRAM FUNDING (\$000)	
							SDA	CUM
15	930-0092	Financing Decentralized Public Services	N	G	SDA		10	1525
16	930-0077	Environmental & Natural Resources Management	N	G	SDA		40	1565
17	930-0086	Human Rights	N	G	SDA		400	1965
18	930-0092	Future Development Trends	N	G	SDA		70	2035
19	930-0089	Education & Loc. Institutional Development	N	G	EDUC		50	2085
20	930-0092	Semin. on Employ. Policy Impl.	C	G	SDA		85	2170
21	930-0092	Private Enterprise Dev.: A Market Approach	N	G	SDA		100	2270
22	930-0077	Policy Studies on Energy	N	G	SDA		25	2295
23	930-0092	Intrahousehold Allocations	C	G	SDA		200	2495
24	930-0089	Education & Planning & Allocation Criteria	N	G	EDUC		75	2570
25	930-0091	Land Markets	N	G	ARD&N		75	2645
26	930-0090	Refugee Assistance	N	G	SDA		30	2675

Shelf Items - FY 86 (not ranked)

ARD&N -- RURAL DEVELOPMENT

- Modeling Agrarian Structure
- Land Markets
- Family Choices for Children

50
25
75

ANNUAL PROGRAM IN FY 1986
 ANNUAL BUDGET SUBMISSION
 TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING (\$000)	
						INCR	CUM
HEA							
	Child Survival					100	
EDUC							
	Education & Planning & Allocation Criteria					95	
	Education & Loc. Institutional Development					40	
SDA --	REFUGEE ASSISTANCE						
	Refugee Assistance					20	
SDA --	ECONOMIC RESEARCH						
	Seminar on Employ. Policy Implementation					115	
	Security and Economic Assistance Interface					100	
	Employment and Income Impact of Stab. Policies					50	
	Institutional Constraints					50	
SDA --	SOCIAL & INSTIT. PROFILES						
SIPS							
	Institutional Development					150	
						75	
	TOTAL					945	

PPC/PDPR/SPD:LMWHITE:6/13/85

ANNUAL PROGRAM IN FY 1987
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

RANK	PROJECT	TITLE	NEW/ CNT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	930-0092	Denationalization, Divestiture and Privatization	C	G	SDA	200	200
2	930-0096	Nutrition Policy Initiatives	C	G	ARD&N	125	325
3	930-0068 930-0089 930-0096 930-0092	Family Choices for Children Family Choices for Children Family Choices for Children Family Choices for Children	N	G	POP	50	375
			N	G	EDUC	50	425
			N	G	ARD&N	75	500
4	903-0068	Female Educ. & Fertility	N	G	SDA	50	550
5	930-0092	Intrahousehold Allocations	C	G	POP	140	690
6	930-0082	Child Survival	N	G	HEA	150	1040
7	930-0082	Health Demand Financing	N	G	HEA	150	1190
8	930-0089	Education & Pfg. & Alloc. Criteria	N	G	EDUC	100	1290
9	930-0096	Household Food Security	N	G	ARD&N	200	1490
10	930-0077	Forest Mgt. & Reforestation	N	G	SDA	50	1540
11	930-0092	Identify Barriers to Using the Private Sector	N	G	SDA	25	1565
12	930-0089	Education & Loc. Instit. Development	N	G	EDUC	60	1625
13	930-0077	Environmental & Natural Resource Mgt.	N	G	SDA	75	1700
14	930-0091	Political Econ. of Agr. Ext.	N	G	ARD&N	75	1775
15	930-0091	Indicators for Meas. the Imp. of Priv. Sec. Dev. on Rura. Dev.	N	G	ARD&N	75	1850
16	930-0068	Measuring Demand for Family Planning Services	N	G	PDP	200	2050

ANNUAL PROGRAM IN FY 1987
 ANNUAL BUDGET SUBMISSION
 TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPR ACCT	INCR	PROGRAM FUNDING (\$000)	CUM
16	930-0068	Measuring Demand for Family Planning Services	N	G	PDP	200	2050	
17	930-0086	Human Rights	N	G	SDA	400	2450	
18	930-0089	Inter-Agency Res. on Early Childhood Education	N	G	EDUC	75	2525	
19	930-0092	Seminars on Employ. Policy Implementation	C	G	SDA	100	2625	
20	930-0090	Refugees Assistance	N	G	SDA	50	2675	
21	930-0077	Policy Studies on Energy	N	G	SDA	25	2700	
22	930-0092	Private Enterprise Development: A Market Approach	N	G	SDA	100	2800	
=====								
Shelf Items -- FY 87 (not ranked)								
EDUC								
Education & Ptg. & Assoc. Criteria								
90								
HEA								
Child Survival								
50								
ARD&N -- RURAL DEVELOPMENT								
Impact of Basic Educ. & Other Serv. on Rural Dev.								
90								
ARD&N -- NUTRITION								
Policy Issues for Achieving Hunger Goals								
150								
SDA -- SOC. INSTITUTIONAL PROFILES								
SIFs								
Institutional Development								
100								
100								
TOTAL								
580								

PPC/PDPR/SPD:LWHITE:6/13/85

TABLE OF CONTENTS

Narrative -- New and Ongoing Project Description

<u>Approp. Acct.</u>	<u>Research Title</u>	<u>Page No.</u>
ARDN	Agricultural Land Taxation	1
ARDN	Policy Issues in Agricultural Market Development	2
ARDN	Regenerative Agriculture	4
ARDN	Improving Household Food Security	7
ARDN	Nutrition Policy Initiatives	8
EHR	Education Planning and Allocation Criteria	10
EHR	Inter-Agency Research on Early Childhood Education	13
EHR	Education and Local Institution Development	16
HEA	Health Demand and Financing	18
HEA	Policy Issues in Child Survival	20
POP	Measuring Demand for Family Planning Services	21
POP	The Relationship Between Female Education and Fertility	22
Multiple	Family Choices for Children	24
SDA	Environmental and Natural Resources Management	26
SDA	Policy Studies on Energy	27
SDA	Human Rights	28
SDA	Refugee Assistance	30
SDA	Small Capital Markets (Including IFIs)	32
SDA	Financing Decentralized Public Services	33
SDA	Denationalization, Divestiture, and Privatization	34
SDA	Intrahousehold Allocations	35
SDA	Future Development Trends	37
SDA	Seminars on the Implementation of Employment Policies	38

SDA	Private Enterprise Development: A Market Approach	39
SDA	Social Marketing: Its Use and Effectiveness	41
SDA	Reduction of Subsidies and Political Stability	42

FY 1987 New Project Narratives

ARDN	The Political Economy of Agricultural Extension in the U.S. and Selective LDCs: A Comparative Analysis	45
ARDN	Indicators for Measuring the Impact of Private Sector Development on Rural Dev.	47
SDA	Private and Public Sector Roles in Forest Management and Reforestation	49
SDA	Identifying Barriers to Using the Private Sector	50

New Project Narrative

Project Number: 930-0091

Title: Agricultural Land Taxation

Appropriation (Funding) Account: 103 (ARD&N)

Funding: FY 1986: \$75,000

Purpose. The purpose of this activity is to examine issues related to agricultural land taxation.

Background. Agricultural land taxation is an important economic issue for many developing countries. Such taxation can have significant distributional, revenue and efficiency effects on agricultural land utilization and development budgets. Improvements in the assessments of alternative agricultural land taxation systems could contribute to more efficient and appropriate government interventions (or non-interventions) in agricultural land markets.

Project Description. The project will identify: (a) the distributional, revenue and efficiency effects of alternative agricultural land tax systems used in developing countries; (b) the obstacles and constraints to implementing an agricultural land tax; and (c) the various methods of estimating the value of the land (for example, soil type; water availability; value of the property on the land; appraisal as determined by the owner vs. an appraiser).

Relationship of Proposal to Office Objectives. The project will enhance AID's understanding of alternative agricultural land tax systems and of the conditions under which such systems are economically inefficient or efficient as well as the effects of such systems on recurrent costs and country development budgets.

Relation of Proposal to Mission and Other A.I.D. Activities. The project complements an activity currently being proposed by PPC/PDPR/IPD on "Land Markets".

Major Outputs. A short concepts paper will be prepared in response to the four elements identified under "project description" above.

New Project Narrative

Project Number: 930-0091

Title: Policy Issues in Agricultural Land Market Development

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1986 \$100,000, LOP \$100,000

Purpose: The purpose of this activity is to identify policy constraint in theory and practice to the development or enhancement of effective agricultural land markets in LDCs.

Background: Improvement in the functioning of agricultural land markets in LDCs has been suggested as one way to improve economic efficiency and, in turn, agricultural productivity. However, very little is known about agricultural land markets per se in LDCs. Even less is know about appropriate interventions by host governments to stimulate or broaden participation in these markets, or about the appropriate role of donor assistance in support of these interventions.

In 1981, Peter Dorner and Bonnie Saliba prepared a theoretical paper, "Interventions in Land Markets to Benefit the Rural Poor", that identified a number of potential interventions in land markets. These interventions included taxation to generate revenue , intensify land use or encourage redistribution; land registration and titling; provision of credit or guarantees to sellers and/or buyers; and state or third party aquisition of land for resale. Although Dorner and Saliba theorized about a number of issues with regard to implementing these interventions, there was little or no research base on which they could draw to verify their hypotheses. The cases that were cited in the paper were drawn for the most part from developed country experience.

Project Description: The research will investigate the following hypotheses:

1. Functioning agricultural land markets exist in most LDCs.
2. Access or entry to agricultural land markets is broadly-based.
3. The types of interventions proposed by Dorner and Saliba have been implemented in selected LDCs.

4. Governments of these LDCs have successfully implemented interventions in land markets in order to improve the distribution of agricultural assets.
5. There is a range of donor assistance activities that will enhance the capability of the public and/or private sector to improve the functioning of agricultural land markets in LDCs.

Relation to Office Objectives: The Agency is currently revising its policy on the distribution of agricultural assets, the most important of which is land. Based on the work of Dorner and Saliba, and the experience of the developed countries, the policy will include an emphasis on the market approach to agricultural development objectives. However, the Agency has only theorized on the range of policy reforms required to stimulate land markets and assure access by AID's target population. The proposed research will provide the empirical basis on which to advise missions on policy dialogue .

Relationship to Mission and Other AID Activities: In many LDCs, agricultural development is constrained by the highly concentrated pattern of land ownership. Development of effectively functioning markets in agricultural land is perceived as a viable alternative to support for redistributive reforms, which are not feasible in many LDs faced with distributional problems. The research should provide two principle benefits to missions and other AID activities: 1) elements for policy dialogue on improving access to agricultural assets; and 2) lessons learned from LDC experiences in land market interventions.

Major Outputs: A study summarizing the theoretical basis and empirical evidence for interventions in the development of agricultural land markets.

New Project Narrative

Project Number: 930-0091

Title: Regenerative Agriculture

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1986 \$50,000 (LOP= \$100,000, AFR Share \$50,000)

Purpose: To identify the relevance and define the implications of resource-limited agricultural development for Agency development policies.

Background: A. Current Challenges. The "purchase of time" ascribed by Dr. Norman Borlaug in the early 1970s to the third-world green revolution has been nearly exhausted. The rapid gains in productivity of the 1960s and 1970s, brought about in a few favored locations by the "packages" of new seeds, production inputs and good management, have been consumed by ever-increasing populations.

The development model described by Mosher of a "progressive rural infrastructure" which applied to a small number of high-impact areas has become more marginal in application as concern has shifted to the vast third-world areas of lower production potential. The scarcity and high cost of capital, the lack of management expertise for a complex and extended infrastructure, and the increasing energy and input costs of today's world have slowed agricultural growth and limited it to the small proportion of high-resource land areas.

Options/alternatives need to be explored to determine where tomorrow's production growth will come from, and what can be done for the great majority of low-resource third-world farm families.

B. New Realities and Developments. During the past 10 years, a methodology has been developed for working effectively with farming systems in a collaborative relationship with farmers. There has been no corresponding conceptual change in the types of technologies introduced through these programs; for example, regenerative systems which take advantage of locally-available resources, whether physical, human or economic.

Further, there is new appreciation for the need to integrate nutritional and health-related technologies with those of food production. Again, needed technologies have not been introduced, especially those which would utilize locally-available materials and practices. As part of these desired technologies, it will be important to recognize the

potential strength which resource efficient farms, highly productive of food, can bring to a rural and even a national economy.

C. Resource-Efficient Methods. It has long been recognized that "integrated" farming systems have an advantage where resources and infrastructure are limited. However, it has not been fully understood why they are superior. Work at the Rodale Research Center is in the forefront of unraveling the biological complexities of integrated systems. Through Rodale's efforts, we are beginning to understand how to design and structure systems to fit resource-limiting situations to achieve high productivity.

Rodale's work has developed a special competence in nutrient recycling efficiency in agricultural systems in the intermediate to high rainfall areas. Rodale has found that with proper integration tools are available to the farmer to stabilize production and minimize adverse impact on the environment. Rodale's methodology of biological systems integration shows real promise for many third-world farmers bypassed by other approaches. In fact, many of the principles in these systems are used by farmers today; Rodale is using scientific methods to help improve systems which already help millions of marginal farmers to survive in the world.

D. Implications for Policy Issues. Numerous changes are needed in development direction for effectively reaching small, disadvantaged farmers. Resource-efficient (resource directed) technologies require different research directions. The disciplinary mix of research teams needs to be altered to reflect the complexity of questions to be answered. The research/extension boundary must be shifted. The limited resources available for infrastructure development might be better used in non-traditional ways. Food systems must be consciously designed with boundaries quite different from those in a resource-affluent economy. Clearly, the relevance of resource-limited agricultural development for development policy must be recognized and the policy implications of it articulated.

E. Executive Workshops

PPC and AFR propose to co-sponsor a series of five workshops for decision-making policy, program and technical personnel to consolidate ideas and thinking about this modified route to resource efficient farming and world food production. The workshops would bring together the latest information about biological structuring of agricultural systems, new understandings of how to achieve soil fertility in low-input crop/animal systems, regenerative development in agriculture, and the policy options which can accelerate this process.

The critical process of information collection, its adaptation to specific local conditions and its application the "management intensive" farming systems will be stressed. In addition, the option to replace purchased-product inputs with locally-adaptable production, management and marketing information will be a major theme.

Two seminars in the US and three overseas in regional centers -- with a particular focus on the problems of small farm agriculture in Africa -- will be held. Split funding of these seminars by PPC and Africa given this special focus is envisioned.

Major Output: The major output will be identification of resource-efficient agricultural technologies and exploration of the options available for their implementation, and articulation of their implications for Agency development policy.

Ongoing Project Narrative

Project Number: 930-0096

Title: Improving Household Food Security

Appropriation (Funding) Account: 103 (ARD&N)

Funding: FY 1986 \$200,000 FY 1987 \$200,000

Purpose: To determine the most effective means of addressing detrimental seasonal and annual fluctuations in food supply.

Background: Throughout the world, preharvest hunger is a fact of life. For adults the hunger merely reduces their work capacity temporarily but for very young children and pregnant and lactating women, permanent damage or death can result. The causes of household food insecurity and the relationship between national level and household level food security are poorly understood. "Postharvest food losses" is a catch all phrase that fails to acknowledge the spectrum of activities (and actors) involved in food transformation and marketing.

Description: This project will implement recommendations of the review report on experience to date on the topic. A workshop presenting the findings of that research will take place, in December 1985. It is co-funded by FAO and AID. The policy options recommended will need to be implemented and evaluated especially in the context of the Agency efforts in food security, food sector strategies, and agricultural and rural development programs. Based on this experience guidance will be developed to improve the impact of foreign assistance on household level food security.

Outputs: Outputs in FY 85 will be the workshop report and review of the literature and three case studies will be carried out in FY 86-88.

New Project Narrative

Project No.: 930-0096

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1986 \$125,000, FY 1987 \$125,000

Title: Nutrition Policy Initiatives

Purpose: To enhance the technical analysis of PPC in nutrition.

Background: The Bureau for Program and Policy Coordination has a leadership role in the development of nutrition, consumption and food security policies, and in the direction and improvement of AID's programs of activities in these areas. Currently, PPC's nutrition policy and program interests are focused on institutional and programmatic issues and concerns. These are: the appropriateness of LDC policies and programs as, e.g., self-reliance in food production; food importation policies (including PL-480 Title II); food marketing and storage; community and household food security; nutrition planning; child survival; parental investments in child welfare; nutrition interventions; and the nutritional impact of agricultural programs, and projects.

This project will provide advisory technical and policy analysis services to the Office of Policy Development and Program Review, Bureau for Program and Policy Coordination, on the development, administration, and evaluation of nutrition, nutrition-related, and consumption policies, programs, and issues. Nutrition programs include those directly managed by PPC/PDPR and those managed by other AID central and regional bureaus (viz., S&T, FVA, AFR, ASIA, LAC, NE). The Contractor will recommend plans and management actions for completing, continuing, and/or expanding, as appropriate, PPC/PDPR's specialized program of nutrition policy development, review and research designed to answer policy-oriented questions involving relationships between nutrition, agricultural change and economic development.

Project Description and Outputs: Through this project, various technical services will be provided the PPC/PDPR/IPD as needed in the following areas.

Reviewing technical research findings and providing guidance on research needs

Assessment of the implementation of the 1982 Nutrition Policy and recommending changes.

Issues papers on specific topics in food, nutrition, and child survival

Organizing workshops and information systems related to PPC/PDPR nutrition research

Technical services to a limited number of case study countries concerned with implementing the Agency Nutrition Policy.

New Project Narrative

Project No. 930-0089

Title: Education Planning and Allocation Criteria

Appropriation (Funding) Account: 105 (EHR)

Funding:

	FY 86	FY 87
Task One	\$60,000	\$60,000
Task Two	\$50,000	\$30,000
Task Three	\$60,000	\$100,000
Totals	\$170,000	\$190,000

Purpose: To examine education and manpower planning methodologies for less costly, more rapid and more efficient means of establishing education and training priorities and allocating available resources.

Background: There is a need to develop faster and less costly methodologies for manpower and educational assessment. Such methodologies and decision tools are needed particularly for countries with inadequate data bases, for new sectors or industries and for education and training systems sponsored by entities other than central governments.

Frequently, needs assessments do little more than quantify the theoretical demand and supply while ignoring distributional issues, equitable access, optimum scale and specialization, substitutability of skilled labor and other factors bearing on the cost-effectiveness and political impact of the training.

The assessment, analysis and planning models and methodologies available to central planners and analysts tend to be expensive to apply, time-consuming in terms of data collection requirements, and biased by the difficulty of correcting for artificialities and rigidities in labor markets. While they have some utility as part of national labor statistics and national planning activities, they often are of little use to project planners and design teams attempting to address requirements in unanticipated and changing fields. Even where national manpower assessment or requirements data exists and is accessible, such teams usually require less aggregated data in a shorter time frame and with much more specific application to particular firms, institutions or development tasks. They are less interested in the overall adequacy of trained manpower than they are in the likelihood the project (factory, extension program, research station, social service) will be able to attract, train and retain the required staff.

Project Description: Activity in three areas is contemplated.

One, we need better mechanisms for establishing priorities for specialized scientific and technical manpower. Research should be related to Agency policy and strategy for strengthening R&D capacities, accelerating technology transfer and stimulating new areas of investment. Remarkably little objective and reliable data is available on the adequacy of scientific and professional manpower in key fields and there is little consensus on the manpower development priorities for accelerating technology transfer and application capacities.

Investment priorities both for countries and for assistance agencies are set as much by anecdote and argumentation as by agreement on objective needs and relative priorities. We assume, for example, that AID targeting of training funds helps to ensure that training is in priority fields and that funds are used most cost-effectively. We have little objective basis for this assumption. A preliminary proposal has been received to study the differences in fields of study and return rates between self-financed students in the U.S. and AID-financed participant trainees.

In 1984, a working group convened by NRC/BOSTID began to discuss a study of criteria for assessing scientific and technical manpower development priorities in developing countries. A preliminary proposal and working outline has been prepared and will be refined and submitted for consideration in the next year. This may involve one or more conferences and 6-8 commissioned papers, leading to a publishable report. A budget of \$120,000 over two years is anticipated.

Two, we need better diagnostic and projection tools for describing primary and secondary schooling systems. Agency policy and strategy has established benchmarks and targets for education efficiency, access and achievement. However, country data is very difficult to compare, is frequently out-of-date and is highly aggregated. Strategy documents and PIDs often discuss education requirements in very general terms and make projections which cannot be verified by data sensitivity tests. For example, it should be possible to correlate projected changes in adult literacy with schooling output rates or to relate enrollment changes to changes in input levels.

PPC/PDPR has supported work through the Futures Group on modeling changes in demographic demand for schooling. Among the products of this work is an education simulation model by which input requirements, costs and other variables can be projected. LAC has conducted extensive data collection as part of the Action Planning exercises for Central America. The S&T/Africa Bureau initiative on improving education efficiency will have completed 6 education sector assessments by the end

of FY 85 and is projected to start 3 more in FY 86. These and other activities now provide both an extensive data base and the beginnings of the computational and analytic capacity to develop the tools and decision criteria necessary for implementing policy and strategy guidance.

A competitive contract will be let to develop a) guidelines on education data collection and reporting, b) sensitivity tests for verifying the consistency of projections, c) spread-sheet software for analysis and reporting, and d) workbook instructions as necessary for use of the above. It is estimated \$50,000 will be required in FY86 and \$30,000 in FY87.

Three, we need to understand the likely effects of changes in patterns of financing and subsidy on enrollment patterns. As AID explores ways to work more through private suppliers of education and training and to rely upon parental and community decision-making for the allocation of education resources rather than central government planning, we need better understandings of the probable response to changes in the levels, types and mechanisms of finance and administration.

We know very little about the likely impact on enrollment of imposing significant tuition fees, whether at the primary level where indirect private costs are already high (even though the education is nominally free) or at the university level where training (particularly in priority fields such as agriculture or teacher training) is often free or even provided a stipend. Similarly for job-related skills training and training in open-enrollment institutions such as community colleges. We expect to prepare a concept paper and circulate this to leading scholars, possibly through an invitational workshop, inviting additional concepts and proposals.

In FY 86 we propose to support 2 to 3 initial studies of \$20-30,000 each and in FY 87 we anticipate one or more extensive studies involving field work and case studies at a level of \$60-80,000. Estimate: \$60,000 FY 86, \$100,000 FY 87.

Relationship to Office Objectives: Improvement of assessment methodologies will enable PDPR to improve project, program and CDSS/Action Planning reviews, and to assess the progress made toward achieving strategic targets. It will also enable the agency to be better informed on the likely human resources development impacts of decisions to work through alternative organizations, at more local levels or in new sectors and to encourage changes in education finance.

Major outputs: A series of commissioned papers and studies as well as analytic and projection tools, as described above.

Beneficiaries: AID policy makers and design teams.

New Project Narrative

Project No. 930-0089

Title: Inter-Agency Research on Early Childhood Education

Appropriation (Funding) Account: 105 (EHR)

Funding: FY 1986 \$75,000, FY 1987 \$75,000

Purpose: To support collaborative research and dissemination of program findings in collaboration with other donors on the effectiveness and policy implications of alternative education interventions in the early childhood years.

Background: There is increasing recognition that education interventions in the pre-school years, approximately ages 3 to 5, are important for the preparation of the young child for success in school, for the ability of older siblings to attend school (particularly girls) and for changes in household attitudes and behaviors toward the education of children. Research in the U.S. has documented major long-term behavioral impacts attributable to pre-school interventions (e.g. reduced incidence of teen-age pregnancy and delinquency, increased likelihood of completing school and obtaining a job) and partial research in developing countries suggest long-term impacts of similar magnitude though through different program interventions. These are only beginning to be studied and understood.

Though AID policy is cautionary about giving priority to pre-school education in contexts which have not yet achieved (or are not likely to achieve) full primary enrollment, there is increasing demand for pre-school program support and increasing allocation to pre-school projects using bilateral DA, PVO support and local currency reallocations. This is expected to continue. In addition, other programs addressing the needs of children in the years 0-5 are increasing as part of the child survival initiatives. Thus, as AID anticipates the need to reexamine policy and strategy guidance on early childhood and pre-school programs, it is necessary to examine the available research and program evaluation findings and to ensure that mechanisms exist for obtaining technical inputs to Agency decision-making in the future.

In FY 84 LAC conducted a major evaluation of pre-school programs in Peru and provided some support to a research dissemination network on early childhood education in Latin America. In addition, PPC commissioned research on the relationships between pre-school education and school performance.

Project Description: Three types of activity are contemplated.

One, support to an Inter-Agency Consultative Group on early childhood development. Since 1983 a number of international organizations, bilateral assistance agencies and major foundations with interest in early childhood education have been meeting to exchange program experience, coordinate research and examine options for strengthening professional networks and research collaboration on early childhood education, both among assistance agencies and among developing country practitioners.

Agencies participating have included UNICEF, WHO, World Bank and UNESCO, IDRC, Ford, Carnegie, Van leer and Agha Khan Foundations as well as AID. UNICEF has provided secretariate support and the High/Scope Educational Research Foundation (the major U.S. research institution for research on pre-school programs) has provided technical support. Other organizations have committed approximately \$100,000 for core support as well as for activities coordinated as part of the Inter-Agency group and commitments at this level or higher are anticipated for FY 86 and FY 87. A proposal has been received for AID assistance to the operational costs of the core Consultative Group of \$50,000 annually for three years. Regional Bureaus are considering funding of activities relevant to their programs.

Two, A separate but related activity coordinated by High/Scope is the International Association for the Evaluation of Educational Achievement (IEA) Cross-National Study of Pre-Primary Education. This is a longitudinal study of the educational outcomes of pre-school programs involving coordinated research in over 20 countries throughout the world. High/Scope is the coordinator of the U.S. research effort with funding from the Department of Education. AID has been asked to consider partial funding of the costs of coordinating the international studies.

Three, as the number of early childhood and pre-school education projects in the AID portfolio increases, there will be a need for one or more comparative studies examining programming and implementation issues and providing input for AID policy. For example, a key question is what aspects of pre-school education should be provided through institutional arrangements (e.g. community pre-schools and day-care facilities) and what aspects should be provided through home-based arrangements (e.g. training for mothers and older siblings). There are a number of instances where the participation of parents (particularly mothers) in organizing pre-school and day-care programs have led to new women's organizations addressing other economic and community needs.

Relationship to Office Objectives: Research coordination with other Agencies involved with pre-school education and other early childhood activity will contribute to policy choices in the education sector, with respect to WID objectives and for strengthening of community organizations. In addition, it will address education and development programs needed to complement the child survival initiatives. Finally, it is anticipated that early childhood programs may be appropriate areas for increased use of local currency, private organizations and PVOs.

Major Outputs: Establishment of a consultative group to coordinate Intra-Agency activities concerned with early childhood education; dissemination of AID research and program findings to other Agencies along with expedited access to the findings of other Agencies; comparative research outputs.

Beneficiaries: Children in developing countries as well as community leaders addressing the needs of children; program managers and evaluators in AID.

New Project Narrative

Project No. 930-0089

Title: Education and Local Institution Development

Appropriation (Funding) Account: 105 (EHR)

Funding: FY 1986 \$90,000, FY 1987 \$60,000, LOP \$150,000

Purpose: To examine the impact of local schools and other educational institutions on the development of other local political, financial and administrative organizations and institutions.

Background: Most research on relationships between education and development has concentrated on education outputs, i.e. on the impacts of levels of education attainment on individual or organizational behaviors. There is comparatively little research on the role of schools per se, and the institutional arrangements necessary to initiate and maintain them.

It is clear that education expansion is difficult where local political, financial and administrative institutions are weak or nonexistent and where aspects of infrastructure are lacking. Less clear is the degree to which the existence of a school and/or the social demand for schooling is a causal, catalytic factor (i.e. an input) in the processes leading to establishment or strengthening of other local institutions.

Project Description: A review of the available literature and field evidence, leading to a series of commissioned papers and research studies. Following an initial review, an invitational colloquium/workshop will be held to seek consensus on priority research hypotheses and topics. Proposals for 3-5 commissioned papers will be invited in open competition. The resulting papers will then be discussed at a second conference. The reviews, commissioned papers and workshops will be coordinated either by a contractor to be selected or by NAS/NSF.

Relationship to Office Objectives: Clarification of these relationships may help a) to explain anomalies in the observed impacts of education on development which cannot be explained fully by education output variables, and b) to guide Agency policy on the inclusion of schools in integrated rural or urban development or local organization development and institutional strengthening strategies. A possible policy conclusion is that more integrated strategies are necessary, addressing education expansion as part of local institutional reform and institutional strengthening as part of educational reform.

Major Outputs: A series of technical papers and literature reviews, presented at two or more workshops, leading to recommendations for policy and sector strategy.

Beneficiaries: AID program planners and design teams both in education and in rural/urban development.

On-going Project Narrative

Project Number: 930-0082

Title: Health Demand and Financing

Appropriations Account: Section 108 (HEA)

Funding: FY 1986 \$150,000, FY 1987 \$150,000, FY 1988 \$150,000

Purpose: AID as a matter of general policy significantly emphasizes efficiency and user financing. In the area of health, this policy need special emphasis since most LDC's view the sector as a welfare service.

This project would assist missions in:

- costing out alternative PHC programs;
- generating information for cost effectiveness studies for PHC;
- measuring household demand for, utilization of, and expenditures on health services and drugs;
- assessing the financial and economic feasibility of various user financing options;
- documenting experiences with and measured effectiveness of various health financing schemes, and;
- more systematically considering the role and potential for private sector providers in health.

Background: The dominant theme in AID's health services delivery program over the past decade and a half has been testing and experimenting with the primary health care approach. That effort has succeeded in showing that PHC is a workable, lower cost approach to delivering health care and raising health status, than is the alternative hospital care. However, in the process important financial and economic issues have been overlooked, which has served to compromise some of the achievements in improved service delivery. This research strategy is aimed at improving AID's approach to PHC, and, more specifically, the analytic processes underlying health program design. Health policy research gaps of greatest priority include the following topics:

- the extent and nature of the demand for health including the underlying issues of costs, health care utilization, and resource allocation;

- the impact and role of the private health sector, particularly as it relates to public health investments; and
- health care financing options.

This list emphasizes the major economic issues which need to be addressed in international health. And, it should be noted, that these topics represent areas of research concentration, as well as areas where the current analytic methodology needs to be advanced to improve the policy relevance of the research.

Project Description: The project will support a number of different kinds of studies, ranging from simple compilations of information, to in-depth assessments of the effectiveness of various health financing options, to the collection and analysis of relations which draw on sophisticated analytical techniques. The projects will explore the feasibility of different options for cost recovery, including fee for service.

Relationship of proposal to Office and Mission Objectives: The project will provide PPC with better information on the costs and financing of PHC, and allow collection and analysis of information not generally available in health, but essential to efficient resource allocation. Moreover, the project will work to directly implement the health policy by working with mission project design staff.

On-going Project Narrative

Project Number: 930-0082

Title: Policy Issues in Child Survival

Appropriations Account: Section 108 (HEA)

Funding: FY 1986 \$200,000, FY 1987 \$200,000, FY 1988 \$200,000

Purpose: To determine the activities and support necessary to move from campaign style child survival programs to self sustaining health care systems.

Background: Mass immunization campaigns and other popular mobilization programs have great appeal because they are highly visible and appear to be effective in the short term.

Without an explicit link to the permanent health system, they may prove to have negative effects: they raise expectations, they are costly, and they can deal with only simple health problems. The more pedestrian problems of clinic management, inventory control, and motivating people to come to prenatal care or growth monitoring programs remain. It is important for the Agency to develop mechanisms for capitalizing on campaigns to make long lasting improvements in the health system -- both public and private.

Project Description: The project will support operations research and related studies which specify the issues and mechanisms which have been used in specific cases to institutionalize child survival measures. Cases will be drawn from Colombia, El Salvador, Upper Volta, Ecuador, the Gambia and other countries where successful ORT and immunization campaigns have taken place and contribute to the transition to self-sustaining health care systems.

Relationship to Office Objectives: PPC has played a central role in child survival policy in the Agency. The results of these studies will give the Agency guidance for self-sustaining child survival efforts.

New Project Narrative

Project Number: 930-0068

Title: Measuring Demand for Family Planning Services

Appropriation (Funding) Account: 104 (POP)

Funding: FY 1986 \$20,000, FY 1987 \$200,000, LDP \$220,000

Purpose: To assess the utility of current measures of demand for family planning services and examine possible new means of measuring demand.

Background: Current measures of demand for family planning services have been based on demographic projections of the number of couples "at risk" of pregnancy, or on surveys asking whether the respondents desire any more children. These measures of demand have not been good indicators of the potential use of services. There is a need to carry out careful studies to assess the utility of current measures of demand and to develop new measures.

Project Description: A literature review will be conducted to identify the sources of information upon which measures of demand are based and to select several countries for studies of demand in comparison to the commonly accepted demand figures used for those countries. Then, studies in 3-4 countries will be conducted to determine whether existing indicators of demand resulting from the WFS, for instance are actually borne out by use of services and by focussed interviews with individuals. Finally, suggestions for new measures of demand will be developed.

Relationship to Office Objectives: AID has strong policy interest in allocating family planning resources where there is the greatest need and demand. The next step is for PPC to support studies to improve currently used measures of demand.

Relationship of Proposal to Mission and Other AID Activities: Demand for family planning services varies from country to country and within countries. Where there is real demand and no services, priority should be given to the establishment of service delivery systems. The selection of sites for services as well as the allocation of resources to services must be based on information about demand for services. Studies to refine our current measures of where services are most needed would benefit the Agency as a whole.

New Project Narrative

Project Number: 930-0068

Title: The Relationship Between Female Education and Fertility

Appropriation (Funding) Account: 104 (POP)

Funding: FY 1986 \$140,000, FY 1987 \$140,000

Purpose: To carry out an analysis of the effect of education for girls on their attitudes and aspirations for themselves as adults with particular focus on their ideas about family size.

Background: In 1977 the Foreign Assistance Act was amended to direct AID to give greater attention to the interaction between social and economic change and fertility patterns in all of its programs. PPC was given responsibility for implementation of the Congressional mandate. PDPR has financed several studies of the determinants of fertility over the past 3-4 years. Of all the determinants of fertility behavior, female education has been found to have one of the strongest correlations. However, most of the work which has been done has been on the macro level using aggregate statistical correlations. The mechanism through which education of girls to a certain level (thought now to be about 4 or 5 years of schooling) affects their subsequent family size patterns is not clear. Thus, while we believe that raising the educational level of girls across the board will affect fertility this is not always the case, and we have little guidance on the precise type of educational interventions which might influence family size, and which might be possible within AID programs.

Project Description: The project would provide for an expert to identify and manage field research in 3-4 LDCs (including Muslim countries in particular). The field research would be in the form of "natural experiments" studying a community in which elementary education for girls is easily accessible and well attended and a matched community (on socio-economic, religious and cultural characteristics) which does not have accessible schooling for girls. Focused interviews with the girls, their parents, and school officials to determine the difference in attitudes between those girls attending school and those for whom schooling is unavailable would be the basis for the study.

Relationship of Proposal to Office Objectives: The objective of this activity is to interpret and translate the findings on interventions in female education, into relevant and useful field guidance. The Agency does have policies on population assistance and on education, as well as a Congressional mandate to ensure that its programs in all development sectors and its population assistance program are mutually reinforcing.

Relationship of Proposal to Mission and Other AID Offices:

Many missions have a priority on population assistance, but the actual implementation of this priority most often focuses on the supply side, e.g., provision of family planning services. At the same time, some missions are interested in the education sector. Research which would pinpoint the types of interventions in the education sector which would reinforce the objectives of both AID and LDC governments in population would be useful to both missions and governments.

Major Outputs Over Life of Project: Reports on the studies in the selected countries and a seminar to discuss and distill the policy implications for AID.

New Project Narrative

Project Number: Multiple

Title: Family Choices for Children

Appropriation (Funding) Account: Multiple

<u>Funding:</u>	FY 86	Sec. 104 (POP)	50,000	FY 87	50,000
		Sec. 103 (ARD&N)			75,000
		Sec. 106 (SDA)	100,000		50,000
		Sec. 105 (EHR)			50,000

Purpose: to analyze family strategies for improving children's growth and development with the goal of developing AID policies which support and reinforce these strategies.

Background: Recent studies have shown that failure in child development rearing can be traced to lack of family resources and support services at a crucial time in that child's development. Negative outcomes include death, mental deficiency, social dysfunction and lifelong physical debility. The long-term social and economic costs of failing to address early childhood development needs are only beginning to be quantified, but they are obviously substantial. Experience with early childhood interventions has shown that provision of food and intellectual stimulation to the preschool child can have long-term impact on achievement, delinquency, teenage pregnancy, and employment. Other studies have found that childcare practices (encouraging a child to eat at mealtimes, keeping the child off of dirt floors, using common household effects to stimulate and teach a child) have dual effects on physical and mental function. A recent study on nutrition and learning for UNESCO concluded that "monovalent" interventions were ineffective on addressing the problem; multivalent (physical and mental) interventions were able to make significant effects on both health and education outcomes. Finally, there is a strong association between child care arrangements and the fertility and employment choices of women.

Project Description: This project will support research on costs and effectiveness of different combinations of interventions in nutrition, health, education, and child spacing with respect to achievement of several indicators of child welfare (health, nutrition status, school achievement, socialization etc..). Support will also be given to developing communications among donors and between donors and researchers in the field.

Relationship to Office Objectives: It is clear that the results from PPC funded research in education, health, population and nutrition are converging in this common point of

interest . The intrahousehold allocation of resources, for instance, directly affects investments in children's health and education and both factors affect child spacing. Until recently there has been little systematic research looking at the interactions among these different aspects. It is important for PPC to anticipate what beyond child survival (literally saving from immediate life threatening situations) is needed to meet the Administrator's interest in healthy and productive populations. This project will enable PDPR to look ahead to future needs.

New Project Narrative

Project Number: 930-0077

Title: Environmental and Natural Resources Management

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$40,000, FY 1987 \$75,000

Purpose: To prepare background data and analyses on key issues affecting the design and implementation of environmental, forestry and natural resource assistance.

Background: PPC is expected to provide basic information to Congress and the public regarding the extent to which AID programs assist developing countries in managing their natural resources. Analytical studies need to be conducted examining the entire portfolio of AID projects so that a data base can be assembled. In addition, case studies of particularly successful projects need to be developed which could be used by AID missions, other donors and host governments as they initiate programs and develop policies to encourage effective natural resource management. Several short background studies can be expected to be required to support ongoing policy development on key issues including biological diversity, tropical forests, desertification, fragile lands and procedures for including environmental costs and benefits in the project appraisal process.

Project Description: Policy studies and data base development.

New Project Narrative

Project Number: 930-0077

Title: Policy Studies on Energy

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$25,000, FY 1987 \$25,000

Purpose: To provide data and analysis for use by AID mission and host governments in designing policies and projects to promote the development of domestic energy resources and the efficient use of both imported and domestic fuel supplies.

Background: Information on the role of energy in the economies of AID countries should be collected and analyzed on a regular basis. In particular, it is important to have timely information available examining the impact of shifts in world market prices for petroleum on domestic fuel prices and on their balance of payments. Analytical studies to support important policy dialogue subject--energy pricing and inventory for private investment--would also be developed.

Project Description: Analytical Studies, a small conference, and "training" materials for use by AID mission staff.

Ongoing Project Narrative

Project No.: 930-0086

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 - \$400,000; FY 1987 - \$400,000

Title: Human Rights

Purpose: To encourage or promote increased adherence to civil and political rights as set forth in the Universal Declaration of Human rights, in countries eligible for U.S. bilateral economic assistance.

Background: Section 116(e) of the Foreign Assistance Act authorizes AID to use not less than \$3 million to carry out programs and activities that will enhance increased adherence to civil and political rights. PPC has the key role of assuring that this minimum target is met.

Project Description: AID's overall approach to increasing adherence to human rights is to: (1) encourage the building of institutions that promote human rights and uphold democratic principles; (2) emphasize activities that originate in developing countries themselves and directly involve the people; (3) develop projects which will have a positive influence on governmental human rights policies; and (4) encourage the cooperation of private groups and individuals in the development of human rights activities.

AID's Human Rights Program will encourage one or more of the following broad themes:

1. Research and discussion on civil and political rights.
2. Promotion of the awareness of civil and political rights.
3. Adherence to the rule of law through a legal framework conducive to civil and political rights.
4. Encouragement for free and democratic electoral systems.
5. Support for the development of democratic principles and institutions which promote human rights.
6. Support for non-government affiliated indigenous, regional and international human rights institutions.
7. Support for the increased access of women and ethnic groups to the judicial system and to political processes.

In FY 1985 human rights funds were used to translate, publish and disseminate copies of guidelines for international election monitoring; sponsorship of a conference on "Constitutionalism and Democracy"; support for Third World participation in an International Human Rights Symposium devoted to human rights and development issues; and support for a forum on "Women, Law and Development" to be held in conjunction with the U.N. Decade for Women Conference, July 1985. Support for grants in these and similar areas will continue in FY 1986.

Relationship of Program to Mission and Other AID Activities:

The project supports initiatives by Missions and Regional Bureaus. To the greatest extent possible, project funds are to be used in Third World countries and often funds are transferred to the Regional Bureaus for country specific activities. The South African Program, which supports activities that promote a just society and assist victims of discrimination, has been increased from \$500,000 in FY 1984 to \$1 million in FY 1985. It will continue at the same level in FY 1986.

Major Outputs: A program of research studies, support for conferences, and dissemination of information which will promote awareness of human rights issues and increase respect for and observance of civil and political rights.

Ongoing Project Narrative

Project Number: 930-0090

Title: Refugee Assistance

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$50,000, FY 1987 \$50,000

Purpose: To provide information on refugee issues to encourage development and refocusing of current assistance policies and programs which will address the most pressing refugee problems.

Background: Although the refugee situation has remained relatively stable over the past year, there have been volatile political situations in several areas which require U.S. readiness to meet emergency refugee needs. The emphasis of international assistance is turning toward longer term solutions, including voluntary repatriation in some cases and in-place resettlement in others. The U.S. is making substantial contributions toward solutions through international organizations and through special bilateral projects. In Latin America, the number of refugees and displaced persons continues to grow at a steady rate and so have programs to assist them.

In line with this increased emphasis on developing appropriate policies and programs for refugees, PPC has commissioned two studies: (1) to review the nature of problems facing refugee women in countries of first asylum and local resettlement and (2) to study long-term rural refugee settlements to determine appropriate policies and types of assistance for self-sufficiency and productivity. "Refugees" is one of four main topics to be discussed at the 1985 U.N. Decade for Women Conference in Nairobi, Kenya. Information gathered during the study of refugee women will be used to brief the U.S. delegation to the Nairobi Conference.

The Second International Conference on Assistance to refugees in Africa (ICARA II) was held in July 1984 to review the requirements for additional refugee support and consider how African countries can meet the burdens placed on their economies by refugees. United Nations, governmental and private organizations are working with prospective donors to review proposed projects and proceed with their implementation. AID has been supportive of this effort and PPC will continue in FYs 1986 and 1987 to fund activities which will assist in the selection of appropriate policies and programs for refugees.

Project Description: The project will evaluate the efforts of various private, international and governmental organizations involved in refugee assistance and will develop information on policies and programs to promote increased self-sufficiency and productivity of refugees, with particular emphasis on strategies directed toward the needs of women refugees.

Relationship of Proposal To Mission and Other AID Activities: The project would provide guidance for missions in the design and implementation of refugee projects.

New Project Narrative

Project No.: 930-0092

Title: Small Capital Markets (including IFIs)

Appropriate (Fdg.) Account: 106 (SDA)

Funding: FY 1986 \$100,000

Purpose: Many LDCs are severely impeded in their efforts to mobilize savings and provide capital for developmental investments, especially for private sector activities. Organized and operating stock markets, active venture capital firms, knowledge of financial instruments and experience in borrowing and lending are often lacking even in the more sophisticated LDCs. Progress towards building up deeper, more efficient capital markets in most of these countries is severely limited by inappropriate government policies such as artificially low legal interest ceilings, and counter-productive measures to ration inadequate capital resources through non-market means. Outmoded and deficient laws and regulatory codes further obstruct the growth of free capital markets in the LDCs. This project will enable PDPR to support short term policy related investigations on a number of topics related to strengthening capital markets including: savings mobilization, the role and dimensions of indigenous venture capital firms (both in the informal and formal sector of the economy) and the factors that guide investor choices and their assessment of risks; the role of stocks and bonds markets in LDCs; etc..

The research is expected to highly focused, short term studies by individuals recognized as experts in the particular topic of interest.

New Project Narrative

Project Number: 930-0092

Title: Financing Decentralized Public Services

Appropriation (Funding) Account: 106 (SDA)

Funding: FY86 \$10,000

Purpose: To provide, in a relatively short document, a brief review of AID experience in the finance of public services on the local level with general recommendations which may be useful for the design of additional projects in this area.

Discussion: AID has extensive experience in the area of regional and local finance. It is generally recognized that the decentralization of public services is desirable since it permits more participation by those who use these services while avoiding the necessity of dealing with larger bureaucracies involved in the provision of services by more centralized administrations. However, a prerequisite to the decentralization of services is the design of an appropriate funding mechanism. While AID has extensive experience in the area of local finance, the enormous volume of documentation produced to date inhibits the possibility of making a quick and effective summary. The bulk of this material has been produced by Syracuse University but there are also considerable reports from other individual country tax projects and research documents (e.g., free zone research).

Project Description: This research proposal would involve a PSC with someone who has worked considerably with AID in this area. The contractor would summarize existing AID research and experience. The deliverable would be a document containing this summary and generalized recommendations useful to persons interested in promoting projects in this area.

Ongoing Project Narrative

Project Number: 930-0092

Title: Denationalization, Divestiture and Privatization

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 86 \$200,000 FY 87 \$200,000

Purpose: To support applied research in assisting host countries to denationalize and divest state owned enterprises (SOEs) or parastatals. The project would include providing technical assistance to specific denationalization efforts. Political and economic constraints to divestiture and privatization would be identified. Disadvantages to continuing state management and operation of enterprises would be emphasized. Procedures would be established to demonstrate to missions and AID/W techniques and operational means of denationalizing SOEs.

Background: Interest in the divestment and privatization of SOEs continues to grow in the LDCs as it is increasingly realized that centralized organization and management of various phases of the economy are a severe financial drain and inhibit development. An April 1985 survey of the status of privatization by U.S. missions and embassies worldwide indicated that in 54 of the 58 countries reporting, privatization is actively being undertaken or is in various stages of discussion. The problem continues to be that knowledge of the techniques of denationalization is still very limited and the process is not well understood by LDC governments. The research will produce operational and technical guidelines to assist missions to evaluate and discuss with host governments their divestiture plans and assess the political and economic implications of them. Project design and management would be guided by the results of this research.

Means of Implementation: PDPR will continue to contract with an expert with extensive field experience in denationalization and divestiture. Some logistic support from field Missions may be required.

New Project Narrative

Project Number: 930-0092

Title: Intrahousehold Allocations

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$200,000, FY 1987 \$200,000

Purpose: To field test methods for measuring changes in intrahousehold allocation behaviors that result from development projects and their impact on the household unit.

Background: The studies already funded in this project (Jones, Eagle, Population Council, Franklin) have shown that it is essential to include analysis of the intrahousehold allocation of resources into project design to reach project goals for participation and impact.

Rogers' work, also funded in this project, has synthesized the state-of-the-art into an annotated bibliography, a series of discussion papers to be published as a monograph), and a manual for project designers.

The phase to be initiated in FY 86 is the implementation phase--to validate and improve the manual and produce policy guidance.

Project Description: In FY 86 and 87 the project will undertake two separate but related activities: placement of family resource allocation experts on project teams and a more scientific field study to validate methods. Approximately ten experts will be provided to project design teams for projects in a representative sample of countries and a variety of sectors. Projects will be selected based on probability of impact on project outcomes and mission support. The experience of these experts will be analyzed to determine what guidance or training is needed to encourage missions to adopt this kind of analysis.

A prospective research effort will be undertaken in conjunction with a field project, to validate the methods used in project design. It is hoped that this case study can be undertaken in Africa. The case study will examine time allocation, income streams, resource availability, consumption, and decision-making in the household. Outcomes of interest include determinants of participation in the AID project, adoption of technology, benefits and benefit dispersal within family and community.

Relationship to office objectives: Intrahousehold food allocation is an important link between development projects and improvements in health, well-being, and nutrition. This project will not only contribute to formulation and implementation of the Agency's nutrition policy, but also of women in development health, education, family planning, agriculture, and social policies as well.

New Project Narrative

Project Number: 930-0092

Title: Future Development Trends

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$70,000

Purpose: To provide AID with hypotheses of the evolution of events which should play an important role in determining which type of development assistance will be needed in the future. In particular, to assess the income and employment conditions which are likely to prevail during the rest of the century.

Discussion: Although the future is indeed very difficult to predict, it is important that AID have a clear idea concerning its perception of future development needs. Major trends, for example in agricultural production should be examined since the major orientation of development assistance changes very slowly through time and there may be a need to initiate major modifications in policies long before real events take place.

During recent years, much of the developing world has suffered from negative growth rates and consequent declines in per capita incomes. In addition, prospects for the next three to five years are pessimistic. Naturally, longer term projections would have to consider the interactions of such diverse variables as: growth in the developed nations, the international trade regime, international financial flows, technology flows, demographic factors and the evolution of political, policy and institutional contexts.

Project Description: This project would probably entail a PSC to a recognized scholar in this area. The funds would support his or her personal services.

Relation to AID and PDPR Objectives: The results of this research would enable the Agency to establish its long term policy and programming priorities.

New Project Narrative

Project Number: 930-0092

Title: Seminars on the Implementation of Employment Policies

Appropriation (Funding) Account: 106 (SDA)

Funding: FY86 \$200,000

Purpose: The seminars will be instrumental in helping PPC identify and overcome the constraints that impede the design and implementation of effective labor market policies.

Discussion: As the employment policy paper undergoes evaluation and revision, AID must address the issues of how to encourage effective employment policies. The seminars being proposed would contribute to this objective by helping to establish the conditions required for the success of AID's policy approach to the employment issue in LDCs.

While a substantial amount of literature on employment situations in LDCs has appeared during the last 15 years, very little analysis has been undertaken regarding policy actions to ameliorate unemployment and related conditions. Even less analysis exists concerning policies which have been successful.

As AID increases its efforts to influence policy decisions which relate to the labor market, it is important to gain awareness of political and other complications that stand in the way of AID's approaches. Likewise, AID should develop specific suggestions for dealing with these impediments. The seminars should be extremely useful in these respects.

Project Description: The project would consist in two seminars in African and Asian cities. They would bring together persons with recent policymaking experience, specialists in macroeconomic issues, specialists from international organizations, representatives of private sector institutions and USAID professional staff.

There will be four major outputs: 1) Policy implementation papers, 2) Written comments on the policy implementation papers, 3) Informative discussions by experienced policy makers around policy implementation issues, 4) Summary papers concerning lessons learned.

The seminars would benefit from an analogous seminar held in Panama in March 1985.

Relationship to AID and PDPR Objectives: The knowledge gained from these seminars would help AID provide guidelines to missions regarding the implementation of labor market policies.

Ongoing Project Narrative

Project Number: 930-0092

Title: Private Enterprise Development: A Market Approach

Funding: FY 1986: \$100 FY 1987: \$100 (SDA)

Purpose: The purpose of this activity is to utilize the Private Enterprise Profile framework developed earlier in this project by examining the constraints to private enterprise development in two developing countries, and to evaluate the results of the first four to six PEPs that were undertaken.

Background: In FY 1985 PDPR had developed, through its IQC contractor, the general methodology for building private enterprise profiles (PEPs). The PEPs examine the economic and political institutions that promote or constrain indigenous and foreign private enterprise development in LDCs. As in the SIP program, PDPR designed the methodology and general program guidelines and will continue to work with missions to tailor it to their specific needs and interests. As part of the PEPs development effort, indicators of receptivity to, opportunities for, or barriers against private sector development in LDCs were developed. The indicators reflected the requirements for both public and private financial flows and the decision-making criteria of the people/ organizations which commit resources, i.e. make investment decisions.

Project Description: This project will, within the framework of the PEPs design, examine the political, economic, and other conditions in two LDCs so that Missions will have better and more comprehensive information from which to develop private enterprise projects. A particular strength of the PEPs' indicators is their flexibility; this allows each PEP to be tailored to the specific requirements of each country. By FY 1987, four to six PEPs will have been performed; this will be an opportune time to assess the effectiveness of the PEPs framework for use by the Missions, as well as a time to assess future Mission demand.

Relation to Office Objectives: PPC/PDPR was the initiator behind the design and implementation of the PEPs, feeling that it could be a useful Mission tool in assessing the policy environment for private enterprise development. This need for greater policy assessment tools is becoming greater, as more LDCs reach the point where private enterprise projects become a larger part of their Mission's portfolio.

Relation to Mission and Other AID Activities: The PEPs should be of significant use to AID Missions in incorporating country-level private enterprise and economic information into

CDSs, ABSs, and project and program planning by identifying policy reforms needed to facilitate private enterprise development; assessing the need for sound institutions that promote economic growth; and identifying opportunities for trade and investment that more effectively use the private sector resources of a country.

Major Output: A series of private enterprise profiles that will enable Missions to better plan and develop their private enterprise and policy reform projects and programs, and an evaluation of the PEPs framework and case applications.

New Project Narrative

Project Number: 930-0092

Title: Social Marketing: Its Use and Effectiveness

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$80,000

Purpose: To investigate the opportunities and limitations of social marketing in the provision of population and health services.

Background: A number of social marketing projects have been financed by AID for the sale of contraceptives. While it is generally agreed that these activities have been successful, the issues of subsidies and transferability remain to be more fully understood.

Project Description: This research would investigate a number of specific issues such as pricing, the types of commodities most suited to social marketing, the country conditions, etc.. leading to a set of short, topical papers. The research would draw on AID and other donors' experiences and would evaluate the activities for their policy implications.

New Project Narrative

Project Number: 930-0092

Title: Reduction of Subsidies and Political Stability

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1986 \$50,000

Purpose: The purpose of this study is gain further insight into the relationship between political stability and consumer subsidies, with special reference to food subsidies, in an attempt to determine when and under what circumstances a reduction in subsidies gives rise to political disorders.

Background: There have recently been a number of inquiries made on this subject, none of which presents a fully satisfactory answer to the relationship of subsidies to political discontent. Examples may be found in which reduction or elimination of subsidies on basic foodstuffs created no mass political reaction whatever; others can be cited in which reaction was strong enough to provoke possible regime overthrow. It would be very useful if some correlation could be established between subsidy reduction and political reaction but as yet we do not know enough to make even educated guesses. It appears that there may be some relationship between popular confidence in the regime and acceptance of subsidy reduction but no convincing evidence of this has yet been presented. It is possible that, if the populace feels that subsidy reduction is the price that must be paid for continued later improvement in economic conditions and living standards, it may be found acceptable, but again, this theory has little evidence to support it. The fact that subsidies have been reduced may be used by political agitators simply as an excuse to create disorder and embarrass the government with the ultimate goal of overthrowing the regime. Further detailed research, with case studies, would be very helpful in determining at what point, and in what context, subsidy reduction or elimination would be accepted by the people, especially those in highly politically sensitive urban areas.

Project Description The research would require a thorough review of the literature as a first step. Field research, based on selected examples of past effects of subsidy reduction and on planned future reductions, would be necessary to complete the case studies and draw tentative conclusions.

Relation to Office Objectives The research would contribute to an understanding of the psychological and political effects of subsidization and to its relationship to possible political violence.

Relation to Mission and other AID objectives The Missions would find the application of the knowledge gained from the research of value in planning for subsidy change.

Shelf project narratives are not included in this ABS but will be provided upon request.

FY 87 New Project Narratives

New Project Narrative

Project Number: 930-0091

Title: The Political Economy of Agricultural Extension in the U.S. and Selective LDCs: A Comparative Analysis

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1987 \$75,000, LOP \$75,000

Purpose. The purpose of this study would be to draw lessons from the historical development of agricultural extension in the U.S. for the application to LDC situations in planning appropriate systems for agricultural technology transfer.

Background. The applicability of the U.S. land grant institution model for agricultural extension in LDCs has been seriously questioned by development planners. These questions tend to focus on the structural aspects of and the recurrent cost burdens created by large public sector entities. They pay less attention to the political power that U.S. farmers have had, and their relatively prestigious position in U.S. society from the days of Thomas Jefferson. In the U.S. extension systems have developed responding to farmers who are relatively educated, socially and politically organized, and who tend to own their land and other productive assets. In contrast, LDC farmers tend to be relative uneducated, poor, isolated and disenfranchised, and hold no such honored place as "yeoman farmers" in the ethos of their respective countries.

Project Description. The study would review the literature on the economic, political and social position of the farmer in U.S. history and relate that to the demand for extension services. It would review the types of extension efforts that emerged in response to the demand, and what linkages those types had to various political pressures. The study would then review the development and present-day operation of extension services in selected LDCs to compare them with the U.S. case.

Relation to Office Objectives. The study would contribute to the development of policy statements on agricultural technology dissemination.

Relationship to Mission and other A.I.D. Activities. The study will highlight the institutional, social and political contexts for the success or failure of a particular approach to extension in a given LDC. It should stimulate additional thought in program and project planning on the necessity to address the problem of effective farmer demand for new technology. Although other bureaus in AID are investigating

other aspects of the agricultural extension issue, none is taking an historical approach to the political aspects.

Major Outputs. A paper that will assist the Agency in its understanding of the evolution of effective agricultural extension systems.

New Project Narrative

Project Number: 930-0091

Title: Indicators for Measuring the Impact of Private Sector Development on Rural Development

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1987 \$75,000, LOP \$75,000

Purpose. The purpose of this activity is to develop indicators to assess the effect that the Agency's emphasis on private sector development has had on the rural sector in LDCs.

Background. Since 1981, the Agency has increasingly emphasized private sector development as the principal means of bringing about sustained economic growth. A growing share of AID's budgetary and human resources have been devoted to designing projects and programs with this emphasis. However, the Agency lacks adequate indicators to evaluate the premise that increased use of the private sector vehicle does indeed bring about the desired broadly-based growth.

Project Description. This project would develop indicators for measuring the impact of the growth on AID's mandated target population, the rural poor majority. These indicators would be used in design, monitoring and evaluation of Agency projects and programs using a private sector approach. A review of the literature, including AID's experience in the 1960s with private sector activities, would be undertaken to establish proposed variables. The variables will then be tested by applying them to a sample of the current generation of agricultural and rural development activities using a private sector approach. Finally, PPC will solicit the participation of three to five missions in field testing the indicators during regularly scheduled mid-term or final evaluations of selected projects.

Relation to Office Objectives. Increased use of the private sector to bring about economic growth is one of the major policy emphases. The revised Private Enterprise Development Policy Paper was issued by PDPR in early 1985. However, we have yet to develop any guidance for assessing the impact of this policy on actual economic growth, which for most LDCs is led by growth in the agriculture sector. It is incumbent on PDPR in its program and project review function to be able to provide guidance on policy implementation and assessment of impact. This project would develop the tools for doing so.

Relationship to Mission and Other A.I.D. Activities. Most missions have programs planned or in implementation that

attempt to shift the locus of development from public to private sector. These programs should positively affect employment, income, service availability and well-being of the rural populations in their respective countries. The project would assist the missions in assessing the impact of the Agency private sector policy emphasis.

Major Outputs. The project's major output would be a tested, recommended set of indicators for measuring the impact of increased use of the private sector on broadly-based growth in the rural sector.

New Project Narrative

Project Number: 930-0077

Title: Private and Public Sector Roles in Forest Management and Reforestation

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1987 \$50,000

Purpose: To explore options for increasing private sector participation in forestry.

Background: To date the private sector role in forestry programs within AID countries has been largely limited to large scale commercial timber operations. The increasing pace of deforestation in many AID countries has forced many governments and international donors to develop new approaches to reforestation and forest management. Most of the approaches rely very heavily on public sector institutions. This study will examine and evaluate projects involving the private sector--including farmers, PVOs, and small entrepreneurs to determine the most effective ways of expanding the private sector's role in this critical area.

Project Description: A report, or series of reports, examining ongoing forestry management and reforestation programs in AID countries.

New Project Narrative

Project Number: 930-0092

Title: Identifying Barriers to Using the Private Sector

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1987 \$25,000

Purpose: The purpose of this activity is to identify the LDC barriers that prevent A.I.D. from moving its resources through private sector channels in LDCs as an alternative to public institutions in those areas that directly affect private enterprises.

Background: The private sector approach has been an important A.I.D. focus during the past four years. However, many of the Agency's "private sector" projects treat the private sector as an "end" to receive benefits rather than as a "means" of accomplishing our goals and objectives. Although not enough is being done to utilize the indigenous private sector's skills and resources in the economic development process, there appear to be a variety of institutional, political, and economic barriers to achieving this goal.

Project Description: This project will identify the institutional, political, and economic barriers that prevent the indigenous private sector from fully and freely participating in the economic development process. Up to three LDCs will be selected for case study assessments. It is expected that generic and country-specific barriers will be identified. Recommendations for dealing with these barriers will be proposed.

Relation to Office Objectives: A primary aspect of the Agency's Institutional Development and Private Enterprise Development (revised) policies is that A.I.D. should encourage and support institutional development options in the private sector and should avoid activities that explicitly or implicitly preempt private sector options. Although we have developed strong policy guidance in this area, many Missions claim this approach is often not workable. Independent research is needed to confirm or deny this vital policy issue, and to allow PPC to adjust, if necessary, the Agency's policy guidance in this area.

Relation to Mission and other A.I.D. activities: Many Missions often encounter problems with channelling A.I.D. resources through private sector entities. This study would help to illuminate some of the problems that Missions encounter and recommend ways to deal with these problems. The proposed activity would also help USAIDs and regional bureaus by

providing them with the type of information needed to overcome the barriers to using the private sector where these barriers are not dictated by political or security concerns.

Major Output: A report or series of reports that identify barriers that prevent for moving A.I.D. resources through private sector channels in those areas that directly affect private enterprises. It is anticipated that these studies will be contracted through the purchase order process or an IQC contractor. The exact method has not yet been selected.