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# Annual Budget Submission

FY 1989

**PDPR**

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FY 1989 Annual Budget Submission  
Office of Policy Development and Program Review

PPC

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Action Plan

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Introduction

This Action Plan reflects several developments that have occurred during the past fiscal year. First, the research portfolio for FYs 1987-1989 is influenced by the draft PPC "agenda" developed last year on policy direction and priorities for the short to medium term. We have adjusted our research plans to include new issues such as Acquired Immune Deficiency Syndrome (AIDS) and aging. The Plan also reflects the modest reorganization of PDPR this year. The office is now organized to address a number of important policy areas through an interdisciplinary approach. RP Division covers micro economic development issues particularly in agriculture and rural development, natural resource management, and the private sector. SP Division covers human resource and social policy issues in development. Finally, our action plan represents a reaffirmation of the critical need for applied, time-critical socioeconomic research at a level approximating past annual research programs. Accordingly, we have submitted a budget for FYs 88 and 89 which is somewhat larger than the FY 87 OYB and FY 88 CP levels.

Please note that the PDPR budget does not include various PPC grant or contract activities supported or managed by this office such the USTTI grant. Further, this budget does not include the \$150,000 in contract funds to support the work of the PPC coordinator for MDB environmental activities, as previously agreed. Allowance should be made in PPC's overall budget for these activities.

Section 1.

Office Action Plan

PDPR will continue its role of being a focal point for (a) introducing state-of-the-art thinking on approaches to international development assistance, especially in sectoral areas, (b) responding to the express needs of the operating arms of A.I.D. for guidance on a broad range of assistance issues arising out of the ongoing program, and (c) continuing review of the extent to which established A.I.D. assistance policy is understood and consistently applied. As a result, PDPR must have a relatively firm agenda which is nevertheless adjustable as unanticipated policy problems, issues, and

opportunities emerge. Two excellent examples of this essential flexibility can be found in PDPR's policy response to highly-controversial family planning and AIDS developments.

For FYs 1988 and 1989, PDPR plans to undertake a research and policy development program which will pay particular attention to:

- financial, economic, and institutional sustainability of development aimed at serving the needs of the poor majority, including private and public health care and family planning delivery development through the systems;
- the private sector development, including privatization, credit and financial markets;
- equity in the process of structural adjustment;
- rural incomes through agricultural development;
- sound management of environment and natural resources as an integral part of economic development planning;
- human resources development including education and training, family planning services, child survival, and special issues, e.g., AIDS and aging; and
- democratic institution building, election assistance, and encouraging adherence to individual civil and political rights. These areas are further amplified below.

#### Financial, Economic and Institutional Sustainability of Development

##### Health Care Financing and Private Sector Health

Appropriate health financing systems are critical to achieving targeted morbidity and mortality reductions, particularly among infants and children. They can help free up otherwise committed resources, leverage new resources, and allocate scarce existing resources more efficiently to child survival and other preventive programs. In countries which have already achieved gains in child survival indices, budgetary cuts required to reduce overall government debt may make it difficult to maintain reduced levels of infant and child mortality. Until recently, financing and private sector health activities have not been a priority for the Agency or for other donors. Expertise in this area frequently is not available among Mission staff. This year PPC will have an economist experienced in this area on staff and also will continue to collaborate with the S&T/Health Resource for Child Health (REACH) project to further advance our expertise in health financing and private sector health.

## Private Sector Family Planning

The Agency has increasingly emphasized the use of the private sector in its development programs. In population this emphasis has led to two encouraging and successful approaches: 1) Social marketing -- the use of private sector marketing techniques and private retail networks for product distribution, and 2) Encouragement of the for-profit private sector in distribution of family planning services.

PPC needs to anticipate policy issues arising from these projects and provide guidance as these approaches become a greater part of our program.

A number of issues need to be examined now:

1. Social marketing projects are highly subsidized. What are the options and plans for divestiture? When and how should these programs be encouraged to recover more of their costs?
2. How do we assure that products sold over the counter are accompanied by information on choice and safety?
3. What is the appropriate division of labor between private sector and subsidized services? How can both be encouraged? What guidance can we give missions about relative allocation of resources?
4. While A.I.D. encourages freedom of choice in family planning methods, private industry in the U.S. has been reluctant to invest in product development and marketing because of product liability. How does this issue affect choices A.I.D. will be able to provide overseas, and what can we do about it?

PDPR will fund a study in 1988 which will analyze policy issues arising from private sector family planning programs and provide guidance to the Agency relating to use of the for-profit private sector and private sector techniques in distribution of family planning services.

## Private Sector Development

### Credit and Financial Markets

PPC will continue to pursue innovative approaches to financial markets development during FY 1988. Building upon the knowledge gained in preparing the policy paper on Financial Markets Development and the financial markets studies supported in FY 1986 and FY 1987, PPC will pursue two major avenues in financial markets this year.

First, PPC will focus upon the lack of integration between developed country and LDC financial markets, and explore policy approaches that can be utilized to forge strong linkages between local and foreign financial markets. It is important to develop LDC financial markets to help to facilitate access to international capital and make a country's financial system and its political and economic environment more stable. Similarly, the opening of markets to foreign direct investment provides ways for LDCs to diversify their economies and increase their capital inflows. This research will help to expound on the various policy issues raised in the policy papers on Trade Development and Financial Markets Development.

Second, PPC will monitor the implementation of the A.I.D.'s new policy paper on Financial Markets Development (which is expected to be approved during FY 1987), and the policy guidance's effect on project development and policy reform in the financial sector.

#### Privatization

PPC will continue to move aggressively in the area of privatization and maintain its support of state-of-the-art research on privatization issues that confront A.I.D. The major effort to be supported will be development of a new technical economic specialist contract in privatization. This new effort will (a) assess pertinent information on specific problems and issues in privatization (political and institutional, employment and labor displacement, and financing) and techniques for dealing with these issues; and (b) organize and present a series of workshops on privatization issues and techniques, thereby providing technical assistance to selected Missions and host governments and AID/W private enterprise and economists staffs in the application of these techniques.

In addition, we intend to examine privatization and deregulation of marketing boards and the financial/banking sector. Agriculture and finance represent the two most important sectors in A.I.D.'s private enterprise initiative and therefore, present the greatest obstacles to and opportunities for the success of A.I.D.'s privatization initiative. PPC will also continue to monitor A.I.D.'s progress in privatization through a review of Mission privatization plans.

#### Structural Adjustment and Equity

Many LDC economies have been faced with fundamental adjustment problems in recent years. The common aspect of these problems is that growth along historical patterns is no longer sustainable because foreign exchange--for one reason or another--has become much scarcer. This may have to do with

debt, commodity prices, trends in remittances and so forth. Bad management and inappropriate policies have been aggravating the situation. Responses to these problems have varied. Some policy makers have elected to take an active role and implement policies that promote growth-oriented structural adjustment. Others have implemented less comprehensive programs, aimed mainly at stabilization and demand management. In other cases, the policy response has consisted of a few ad hoc/stopgap measures. A.I.D. has been active in support of adjustment programs, where they have been implemented.

Concern has been expressed by some that the poor majority may be particularly adversely affected by adjustment in the short run. Others argue that the poor will begin to benefit almost immediately through market forces and as government budget allocations are rationalized. In response to these conflicting hypotheses, PDPR has begun a study of the socioeconomic impacts of macroeconomic adjustment problems. The study will have two phases: the first, to establish the conceptual framework, review the existing literature and test hypotheses on the secondary data for a few selected countries; and the second, to conduct field work and a cross-regional comparison. The objective is to develop guidance that will contribute to minimizing any adverse impacts on the poor majority while enhancing the positive effects of reform programs.

This activity complements other research projects in PDPR's portfolio that emphasize equitable growth, such as access to assets and services and raising rural incomes.

#### Food and Agriculture and Rural Income Growth

The ultimate goal of A.I.D.'s agricultural development programs and policies in developing countries is a market-oriented agricultural sector that provides (through production, distribution, and trade) a nutritionally adequate supply of food for the country's population. Traditionally, LDCs have depended heavily on production-oriented programs to respond to agricultural development problems assuming that effective demand will follow. To meet its objectives and balance the production emphasis, A.I.D.'s agricultural programs need to focus to a much larger extent on income oriented programs.

With this tighter focus on increasing the income of the poor majority, several policy issues worthy of further exploration have been identified. First, the potential for an effect on U.S. agricultural exports is heightened as we encourage agricultural development in the LDCs. Therefore, linkages between economic development and trade need to be explored, dealing with such topics as the relationship between per capita income and market growth for U.S. products and the competitive aspects of non-traditional agricultural exports. Second, the

relationship between food subsidy policies and political stability and the extent to which the two are related needs clarification. Cost-effective mechanisms for targeting and distributing food aid may be one way to minimize the political risks of reducing food subsidies. Third, a study of the relationship of land tenure security and land market development to income and employment growth is ongoing. Fourth, new work is proposed to examine the dynamics of mixing on- and off-farm employment strategies at the rural household level, and to explore incentives for natural resource management for sustainable use. Finally, work on the trade-offs between investments in dryland agriculture and irrigated agriculture in promoting rural income growth will be supported.

A series of case studies on the income, employment, consumption, and nutrition effects of the shift from traditional subsistence to cash crop production was carried out with PPC support between FY 1985 and FY 1987. Comparative analysis of the series will be completed in FY 1988. These studies will provide valuable insights on how to protect consumption and nutrition, particularly of vulnerable groups, when major shifts in cropping patterns and farming practices occur in the process of development.

Consistent with the Agency's agricultural strategy to increase both income on the one hand and food availability on the other as the means of overcoming hunger, policy-related research must continue to focus on food consumption issues. These issues include the effect of economic reform on food consumption of vulnerable groups; the effects of seasonal and annual fluctuations in food supply on household food security; and intrahousehold allocation behaviors which affect the food supply, consumption, and nutritional status of vulnerable groups.

#### Environment and Natural Resource Management

Environmental and natural resource problems represent important constraints to sustainable development in many A.I.D. recipient countries. A.I.D. has attempted to alleviate these constraints in two ways: first, by assuring that its development projects are environmentally sound, and second, by promoting projects which focus on improving the natural resource base and the capability of developing countries to effectively manage their resources. A.I.D. recognizes that although the second approach is essential to the effective management of undegraded resources and in reversing environmental degradation, the level of development assistance funds currently available to support projects in the area of environment, forestry and natural resources are limited. Therefore, while pursuing the second approach to the greatest degree possible, A.I.D. will also

explore opportunities to 1) more thoroughly integrate good environmental/natural resource management strategies into its other development activities, 2) examine the effect of various policy interventions on resource use, and 3) work with other donors, including both the multilateral development banks and bilateral lending agencies to strengthen their programs in these areas.

The ABS proposes funding for four projects to support the above activities. The first project will carry out research, studies or special analyses to assist PPC in developing policy guidance which will strengthen A.I.D.'s capacity to integrate environmental and natural resource considerations into its ongoing program and project activities. The second project will support a series of policy studies examining the role of economic incentives and local institutions in influencing decisions which promote effective management of local natural resources. The third project, compliments the first two, but is more limited, focusing exclusively on the the issue of biological diversity. As such it is designed to assist in developing Agency strategies for preserving biological diversity as mandated by section 119 of the Foreign Assistance Act.

## Human Resources Development

### Education and Training

Though expanded and improved education and training capacities are needed in all countries, there are severe resource constraints and not all needs can be addressed directly. Most have to be addressed with inadequate resources to meet all quantitative and qualitative objectives. Thus, the general policy concern is to ensure that available resources are used cost-effectively, at all levels -- in the secondary, tertiary and vocational/technical training systems as well as in basic education systems for children. A second policy concern is to assess the case for allocating scarce resources to new initiatives addressing education and training problems of emerging priority. Third, human resources development policy issues are expanding from concern only with supply factors to include concern with effective demand, such as efforts to ensure that technology choices, personnel policies and incentive systems are appropriate to ensure the recruitment and productive utilization of available trained personnel.

For basic education, the major policy concern is ensuring sufficient resource mobilization to enable expansion at acceptable quality. Schools tend to be underfunded and enrollment tends to be lower than is desired either by parents and community leaders or by central authorities. The conundrum to be solved is: a) many communities have too little access

and/or do not use fully the available schools; b) much of the problem of access and/or underutilization is that there are no schools in proximity to the home and of acceptable quality to the parents; c) both qualitative upgrading and improved access require additional resources which central authorities cannot provide and/or allocate and administer effectively; d) however, parents and communities cannot be induced to provide additional resources for schools which they do not control, do not use or do not consider to be of acceptable quality and relevance.

More effective involvement of communities is part of what is needed. However, communities need support services. More attention is needed to administrative, logistic and financing options and to the relatively mundane "nuts and bolts" aspects of systems management. Financing and delivery systems for the essential minima of instructional materials, including texts, and for construction and maintenance of acceptable school buildings are particularly important.

An emerging priority issue is how best to provide schooling opportunities for small villages and in thinly populated areas. The small school for the small community, often offering multigrade instruction with fewer teachers than classes, presents staffing, oversight/management, classroom management and materials design problems which have not been adequately addressed by technical assistance to date. Such schools appear critical to the objectives of reaching the last 10-20 percent of enrollment in rural areas and of providing schools in sufficient proximity to the home to overcome parental and cultural resistance to the education of girls.

A second emerging priority basic education issue is how to address child development in the pre-school years. Significant amounts of grade repetition, failure and wastage in school systems is attributed to underage enrollment, inadequate attention to health, nutrition and other aspects of child development in the pre-school years and withdrawal from school of older children, mainly girls, to care for younger siblings.

For advanced education and specialized training a major concern is how to reduce subsidies and relate costs more effectively to benefits. There is growing concern that universities and other tertiary systems are making unsustainable claims on public budgets, that many institutions provide training of dubious quality and relevance at high unit cost and that countries face high-level underemployment along with shortages in specialized areas. More attention needs to be given to estimating demand, managing training costs, shifting costs to those who benefit and encouraging more cost-effective institutional models. There may be opportunities for A.I.D. to collaborate with the World Bank and other donors in policy research on such issues.

PDPR research initiatives will focus on three areas: 1) local schools and constraints to community involvement with such schools; 2) financing options and cost-effective institutional models for vocational education and professional training; 3) program priorities in the pre-school years, concentrating on ways to complement programs in health, population and nutrition as well as to prepare children more adequately for school. Two projects are ongoing (Research on Early Childhood Education; Education and Local Institution Building). A new project is proposed to facilitate research on Vocational Education and Professional Training.

#### Child Survival Policy Initiatives

A.I.D. and other donors are putting high priority on child survival, specifically the provision of selected technological interventions. A.I.D.'s goal is a significant impact on the survival and health of children in developing countries. We know that the effectiveness of these efforts depends upon the choices families make for their children. Such choices depend not only on the availability of services, but also on the aspirations that families have for their children and what they believe is within their capability in order to achieve their goals. Considerable resources and human effort have been invested in the development of technologies for improving the survival and prospects of children and for delivering these technologies. However, there is inadequate understanding of the perceptions families have of what they can do for their children and how to achieve their goals. A.I.D. policy and programming in child survival will benefit greatly from an in-depth understanding of the determinants of the choices families make for their children and the ways in which positive choices can be encouraged and facilitated. We need to know how to improve the design of our programs so that they have the intended long-term impact.

#### Population

Under this Administration population policy has put increasing emphasis on the rights of individuals and couples to choose the number and spacing of their children, and on providing access to a range of safe and effective family planning methods to facilitate client choice. PPC has identified little programmatic response to this policy initiative. While other policy areas (for example, private sector, child spacing for health) have had programmatic changes, the area of "improving choices for clients" has not led to programmatic action. PPC believes that programs vary a great deal in how well they provide choice and how well services are designed to fit client needs. Especially under current policy, programs should be seeking to maximize quality of services based on client needs.

PPC/PDPR proposes research in 1988 which will identify and describe programs which have successfully introduced improvements in client-oriented services. The study will identify key factors in a client-oriented service system and the strategies of improving them.

Barriers to improving service quality are believed to vary across cultures. For example, in some countries the perception of female clients by male service providers is a major barrier to improved communication, choice and appropriate services. Because cultures vary, the research will take the form of case studies in 3-4 countries, each representing one area.

Research will emphasize features which can be improved such as

- client-oriented supervisory systems
- expansion of a range of methods
- improved counseling
- modification of provider attitudes towards clients

The research will identify strategies to improve the quality of family planning services, and implement current policy focus on family planning choices for individuals and couples.

#### Acquired Immune Deficiency Syndrome (AIDS)

The AIDS pandemic has emerged in the past few years as the most critical international public health issue. Current Agency policy and programs focus on epidemiological, behavioral and operations research, training and technical assistance and provision of equipment and supplies to country-level programs designed in conjunction with WHO to prevent and control AIDS transmission. AIDS is anticipated to have direct and indirect effects on child survival efforts (directly by increasing infant and child mortality due to perinatal transmission; indirectly by competing with other health programs for scarce resources). It also may have direct and indirect effects on other Agency development programs, including family planning programs, participant training programs, economic reform programs, and other sectoral development programs.

Initial policy research has focused on AIDS as a health issue. In addition to a need for much more health policy research, policy-related research is also needed on the far-reaching effects of the disease on economies and societies as a whole. PDPR will support a variety of studies on AIDS issues of policy relevance to the Agency, including examination of the technical, economic, political, and social ramifications of the disease. The current A.I.D. AIDS policy will be revised as the course of the disease and its implications become clearer. PPC's policy research will help to provide a sound basis for

policy decisions and revised policy guidance on how to respond to consequences of AIDS as well as how to respond to AIDS as a health issue.

### Aging

As a result of improved health conditions, increased acceptance of family planning, and general socio-economic development in many A.I.D.-recipient countries, the age structure in LDCs has begun to shift. Larger absolute numbers and higher percentages of people are living longer, many to very advanced years. If large numbers of 20-40 year olds die from AIDS, then the proportion of older people in LDCs will increase even more and they will need to take on even greater responsibility and leadership roles. Changes in the traditional roles of the family, of land tenure and many other systems may leave the elderly with less support or very different roles and authority than was typical for previous generations. Countries are beginning to confront new issues such as the need for new and broader social security coverage, for urban housing for the elderly and for attention to additional health problems. These issues are also relatively new to A.I.D., since the focus of development assistance in the past has been largely on issues affecting the other end of the demographic spectrum: issues of child survival, maternal and child health care, and basic education.

It is important to examine more deeply the policy issues involved in responding to needs and roles of the aging population in A.I.D.-recipient countries. PDPR will support a variety of studies and policy analyses examining demographic, economic and social changes resulting from the aging of populations in developing countries. Studies supported by this project may also analyze the relative impact of alternative approaches designed to improve the welfare of the aging population.

### Human Rights and Democratic Initiatives

The Agency continues its strong commitment to democracy-building initiatives along with its program to encourage adherence to individual civil and political rights. PPC will continue its program of support for policy-related research in such areas as legal and democratic institution-building and technical electoral assistance.

In FY's 1988 and 1989 PPC will assist in expanding the Administration of Justice program to other regions, possibly Africa and Asia. Also the Agency, with PPC support, will emphasize evaluation of prior year activities under the Section 116(e) program to determine appropriate directions for the program in its second decade. Efforts are currently underway

to study the results of A.I.D.'s human rights initiatives and electoral assistance in Asia and Central and Latin America. The ongoing program of support for research and international forums which promote the awareness of human rights, particularly for minorities, ethnic groups, the disadvantaged and women, also will continue to be an important part of PPC's portfolio.

## Section 2.

### Highlights and Benchmarks, FY 1986 and FY 1987

#### Health Care Demand and Financing

The initiation of this activity was delayed until late in FY 87 due to problems with the buy-in which were resolved late in the year. Implementation of the first phase of this study, examining the relationships between immunization costs and coverage, will extend into the next year. Additional studies will also be initiated over the next year to examine the role of the private sector in furthering AID health policy objectives and to examine means of improving resource allocation and efficiency within the public health sector.

#### Increasing the Role of the Private Sector in Development

PPC undertook three major efforts in FY 1987 to improve our understanding of the role of the private sector in A.I.D. programs.

In FY 1987, we initiated a project to design a field reporting format to measure A.I.D.'s support of the private sector and to improve upon some of the problems encountered in developing the FY 1986 study on "A.I.D.'s Assistance to Private Sector Development." The FY 1986 study provided information on the extent of A.I.D.'s use of the private sector and the private sector emphasis in its entire portfolio. The report has been extremely useful over the past year in examining A.I.D.'s program, and has been cited in numerous Agency submissions to the Congress in testimony, responses to Qs & As, and reports to Congress. The 1987 effort will enable A.I.D. officials to evaluate the Agency's overall efforts to promote private sector development and identify strengths and weaknesses in current approaches as a means of making improvements. The knowledge acquired through this review will also provide the basis for senior management to ensure that its policy objectives will be achieved.

In FY 1987 we also initiated a five year cooperative agreement with the State University of New York, University at Buffalo, to establish an Institute for the Study of Free Enterprise Systems. The purpose of the Institute is to study the role of

private investment, human resources, and free enterprise in promoting economic growth and development in developing countries. During its first year of operation, the Institute will support various research projects and a conference on "Exploring Economic Development Through Free Enterprise."

PPC also supported, through an S&T program, research into the informal sector in FY 1987. Concerned over past Agency approaches to the informal sector and the belief that that furthering the operation of informal sector businesses may not result in an economically acceptable outcome, PPC thought it necessary to improve A.I.D.'s understanding of and policies on economic growth and the informal sector. The research effort will (a) study the policy and institutional impediments faced by informal sector enterprises; (b) develop significant policy options for encouraging a wider and more balanced range of policy and project approaches for assisting informal sector enterprises and facilitating their movement to the formal sector; and (c) discuss the political issues that arise in our relationship with a host government by providing aid to the informal sector.

#### Credit and Financial Markets

During FY 1986 and FY 1987, PPC continued to examine the policy issues confronting successful development of LDC financial markets and to play an important role in A.I.D.'s credit and financial market activities. Much of the effort during this period focused on activities that supported development of the draft policy paper on Financial Markets Development and finding ways to deal with some of the inconsistencies and gaps in the credit portion of the Private Enterprise Development Policy Paper and the Terms of Aid Guidelines.

At the end of FY 1986, PPC initiated a series of purchase orders to examine critical policy issues on capital market development and the relationship between financial markets and privatization. Among the topics examined were alternative LDC financial instruments, tax policy reform and capital market development, and capital markets and privatization. These studies highlighted financial markets issues that need to be confronted in the near future and contributed to preparation of the draft policy paper on Financial Markets Development. They were circulated to field Missions in FY 1987.

During FY 1987, PPC initiated a study on "Policy and Institutional Considerations in Equity Market Development." The study (a) examines the policy and institutional constraints associated with greater LDC use of equity securities markets (or stock exchanges), and (b) proposes new policy and institutional approaches that would encourage greater business use of equity securities as a source of finance and increased buying and trading of securities by individual shareholders.

## Privatization

PPC continued its role as the Agency leader in policy research on privatization, focusing on critical policy issues in privatization and on greater outreach on privatization to Missions. In addition, PPC reviewed the privatization plans submitted by the Missions, as required in Policy Determination-14, "Implementing A.I.D.'s Privatization Objectives" and, through its technical services specialist in privatization, provided technical assistance to several A.I.D. Missions.

During FY 1986, PPC funded purchase orders on two critical issues of privatization: privatization financing and the employment impact of privatization. "Financing Privatization Under Limited Capital Conditions" examined the use of mechanisms such as leveraged buy-outs, debt-equity swaps, and ESOPs to finance privatization in countries suffering from capital shortages. In "Privatization and Employment Policy" employee dislocation as a result of privatization was examined, and mechanisms for enlarging the role of workers in privatization were explored. These studies were circulated to field Missions in FY 1987.

Four separate efforts to increase general knowledge about privatization were pursued in FY 1986. First, a "Feasibility Study on Privatization Communications" examined the appropriate mechanisms for communicating the benefits of privatization to LDC public and private sector leaders. Second, we supported (jointly with PRE) preparation of a report based on the A.I.D.'s International Conference on Privatization (February 1986). Third, we supported an analysis of the political-economic dynamics of marketing boards in Latin America. Finally, PPC's technical economic specialist in privatization completed, and we distributed to USAIDs, a technical assessment on privatization and divestment techniques that supplements the policy guidance contained in PD-14.

## Financial and Economic Analysis

**Financial Analysis:** During FY 1986, PPC initiated a process of revising the Financial Analysis guidelines in Handbook 3 which had been considered inadequate. The contractor, Birch and Davis Associates, submitted a final report in FY 1987. Subsequently, a financial expert was contracted to revise and extract from the final report "Financial Analysis Guidelines" that can replace the existing guidelines by the end of FY 1987.

**Economic Analysis:** Since FY 1985, a PPC-led Technical Group has been working on managing the development of a comprehensive reference manual for project economic analysis. During FY 1986, the Technical Group accepted the final report

submitted by the contractor, Georgia Institute of Technology. However, the manual needs strengthening on how to analyze the impact of projects on the environment and renewable natural resources. The new revised manual, which expands on the economic analysis of environmental effects of projects, will likely be completed by the end of FY 1987.

#### Employment Generation and Labor Codes

PPC continued its long-standing work on the generation of productive employment. PPC supported new research on the employment dislocation problems caused by the privatization of state-owned enterprises ("Privatization and Employment Policy").

PPC also sponsored a seminar on "The Future of Work in a Changing World: Labor, Employment, and Economic Growth." Among the topics discussed were labor policy and economic development, the influence of non-labor policies on employment and growth, successful strategies of integrating employment policies and practices, employment and growth potential in LDCs, constraints on labor-management relations in LDCs, and strategies of building democratic values through labor relations. These efforts helped to further refine A.I.D.'s approach to productive employment.

#### Food and Agriculture and Rural Income Growth

The study on "Food Self-Reliance and Food Self-Sufficiency: Evaluating the Policy Options" was funded in FY 1986. The study confirms that developing countries should produce those commodities in which they have a comparative advantage (often cereal staples) even though free trade does not operate in the strict sense of the term. Based on this work, a manual for practitioners setting forth a methodology for carrying out agricultural policy analysis was completed in Summer 1987.

In preparing the 1986 policy statement on land tenure, a number of issues were identified for further exploration, in order to clarify points for policy dialogue or to further refine A.I.D.'s policy position. PPC and Africa Bureau are supporting in FYs 1986-87 a series of case studies of land tenure security and markets in Sub-Saharan Africa. Analysis of the case studies and others funded by the LAC Bureau and World Bank will determine the effects on agricultural productivity of tenure security, and the sets of country policies that enhance or impede the productive use of agricultural land. Opportunities to generate revenue from the land base, and the utilization of that revenue were explored in FY 1987 as an outgrowth of the land tenure policy preparation process. A study of changes in the structure of agriculture in Latin America, using the size of the land holding and number of farm families on the land base as key variables, was co-funded with the LAC Bureau late

in FY 1986. The result is expected to be a model that can be used as a tool in policy dialogue.

In FY 1987, the University of Minnesota completed Phase II of the study on "Private Sector Agricultural Research and Technology Transfer in the LDCs." In addition to the summary volume, six case studies were completed including India, the Philippines, Indonesia, Pakistan, Bangladesh and Thailand.

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

In FY 1987, A.I.D. continued consideration of the relevance of regenerative, or low-resource, agriculture in LDCs, especially on small scale farms. Stimulated by PPC's leadership, as well as by natural resource management/conservation interests and an Office of Technology Assessment study on low-resource agriculture in Africa, the conceptual framework for regenerative agriculture became more widely recognized throughout A.I.D. More specifically, through field trips to the Rodale Research Center numerous central and regional bureau technical and program personnel obtained first-hand information on regenerative agriculture research.

In FY 1986, PPC provided a \$53,400 grant to Rodale Institute for the production of a document of success stories in small-scale regenerative agriculture in LDCs, and a consultancy roster for regenerative agriculture projects. In FY 1987, PPC and AFR co-financed a \$20,000 workshop by Rodale Institute on small-scale regenerative agriculture for PVOs, with an emphasis on Africa.

#### Nutrition Policy Initiatives

Through a contract with the Institute for Science and Technology International (ISTI), PPC/PDPR has supported the work of Dr. Nancy Pielemeier. This has been extremely useful in obtaining technical and policy analysis on a wide range of nutrition-related policies and programs -- in food production; food importation; 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 also enabled PPC/PDPR to obtain expert advice on the nutrition component of the Agency's Child Survival Program and related programs in early childhood development.

Nutrition and food policy issues will continue to be central to A.I.D. policy and it must be anticipated that new issues will arise for which PPC/PDPR staff do not have the specialized expertise or time to address adequately. Given the importance of these issues, the ability to access external expertise and obtain analytic assistance as needed is essential and PPC/PDPR plans to continue to obtain analytic assistance and services under a new contract in FY 1987, extending through FY 1989.

#### Environment and Natural Resource Management

In FY 1986, PPC/PDPR funded two policy studies examining the economic and institutional constraints to effective natural resource management. The first examined economic incentives which determine patterns of forest use and encourage or discourage reforestation efforts. The second looked at the role played by specific LDC government and non-government institutions in managing natural resources and the constraints to developing and implementing policies and programs to effectively manage resources. In FY 1986, PPC/PDPR also contributed funding for a study, now published, examining Africa's environmental problems and describing successful projects designed to alleviate environmental problems.

In FY 1987, PPC/PDPR provided support for two projects designed to assist the Agency in its efforts to conserve biological diversity in developing countries. The first project will assist in developing effective methods to monitor and evaluate on going biological diversity projects. The second will examine economic incentives and disincentives for conservation of biological diversity. These studies should help A.I.D. develop strategies and policies to assist developing countries in their efforts to conserve biological diversity.

In FY 1987, PPC continued its efforts to stimulate other international donor agencies to support environmental and natural resource activities. PPC/PDPR provided funding for a major OECD conference on strengthening environmental cooperation with developing countries. This conference will serve as a valuable forum to encourage developing countries and other donors to assure the environmental soundness of their development projects and to discuss a number of environmental issues where there are opportunities for the OECD countries to assist developing countries.

In FY 1986, PDPR funded four studies which investigated linkages between population growth and renewable resources/ environmental policies in Africa. A number of excellent proposals were not funded for lack of FY 1986 funds. In FY 1987, PPC plans to fund two additional studies.

## Education and Human Resources Development

The anticipated program was only partially implemented in FY 1987. This was due in part to staff constraints and to inclusion of major elements in other projects, particularly in the S&T/ED BRIDGES project for education research and in training evaluations undertaken by CDIE and S&T/IT.

The priority needs for policy research continue to be identifying emerging issues (both those constraining the achievement of policy objectives and those suggesting new opportunities), assessing the criteria to be used in allocation of resources (both the competing uses for education and training resources and the cross-sectoral implications of the issue), and improving understanding of assistance options. The appropriate role for PDPR is to complement the more technical research by S&T, the management-oriented evaluations and project/program design activity by regional bureaus and the impact evaluations and special studies undertaken by PPC/CDIE. PDPR will continue to work closely with other Bureaus and PPC Offices in developing and implementing this research.

## Family Choices for Children and Child Survival Policy Initiatives

A research model was developed during FY 87 to examine the conditions under which mothers and families adopt and sustain new behaviors to improve the health and welfare of their children. PPC will work with S&T to test this model in connection with ongoing behavioral research studies under the HEALTHCOM project.

In order to better understand the role of growth monitoring in child survival, PDPR funded research which was begun in FY 87 to examine the context in which growth monitoring is effective in contributing to improved child survival. The first phase of this study was completed, analyzing an extensive data set from Indonesia, to identify key program components and threshold levels of various inputs which lead to desired child growth and health outcomes. The Indonesia findings will be tested in three to four other country settings over the next year.

## Population

PPC/PDPR identified three broad areas population of policy research: relationship between economic development and population growth; informed choice in family planning programs; private sector approaches to family planning. In 1987 PDPR has monitored ongoing research and has initiated new research activities in each of these areas.

In 1986 PPC/PDPR began a case study in Thailand to investigate the economic benefits at the national and household level of a successful family planning program. Meetings were held with the project manager Nancy Williamson of Family Health International (FHI) and principal investigator John Knodel. The other investigators are in Thailand with the Thailand Development Research Institute.

PDPR believes this project has been successfully launched. Experience indicates a need for greater coordination and collaboration among the few researchers who are working on similar case studies, and a need for comparative data from other countries. Accordingly, in 1987 PDPR is funding a conference on "Economic Benefits of family planning programs: National Case Studies," through FHI and in planning a parallel case study of Korea through the East-West Population Institute.

The four grants made last year in "Environmental Resources and Population Growth in Africa" have proceeded according to schedule and results of research will be presented in a conference early in FY 1988.

This year we are initiating a grant to FHI to explore approaches to improve clients' access and information concerning their contraceptive choices. The study takes an operations research approach to programs which overemphasize one method (for example, sterilization) and will initiate approaches to expand client choice. Results will be documented through pre and post surveys and service statistics.

A research project in 1987 on "Marketing approaches to estimating demand for family planning services is designed to address the need for estimating demand as a basis for planning contraceptive services based on consumer interests rather than on fertility reduction targets.

#### Human Rights and Democratic Initiatives

The Agency's implementation of democratic and human rights initiatives continues to be at the apex of A.I.D.'s goals overall: to promote economic development which fosters human dignity, and to promote foreign policies which encourage human freedom. Considerable Agency resources and human effort have been invested in the development of democracy-building initiatives in the belief that these initiatives are the best engine for promoting increased adherence to civil and political rights. PPC's emphasis of outreach and research appears to be having a broad-based and positive impact on various recipient nations and peoples.

Several highlights of PPC's efforts include substantial contributions to Agency efforts to strengthen democratic institutions in Central America and Asia during the past two fiscal years.

PPC's grant for research and electoral technical assistance has made significant contributions to efficient election planning in Haiti and the Philippines. The data base for Latin American election technical assistance (election law, registries, election procedures) and commodities (ballot paper, boxes and ink) has been expanded and is near completion. Also, plans are underway for the establishment of an international technical electoral assistance organization whose expertise will be available to developing country governments, private organizations and individuals interested in the promotion of free, fair and efficient elections.

In the area of human rights, PPC has funded the development of a computerized data base of international human rights information. The data base publishes directories of worldwide human rights organizations and provides information for a quarterly publication on current human rights developments and issues. In 1987 PPC supported a planning workshop to establish and strengthen libraries and documentation centers in African institutions for the promotion of human rights.

PART II

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FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

COUNTRY/OFFICE: PFC/PDPR

	FY 1986 Actual	FY 1987 Estimate	FY 1988 CP Estimate	FY 1989 AAPL	PLANNING PERIOD				
					1990	1991	1992	1993	
ARD&N									
Grants	440	488	480	585	750	600	700	725	740
FOP									
Grants	370	475	470	310	310	300	300	350	350
HEALTH									
Grants	420	290	300	435	385	400	350	400	400
EDUC									
Grants	250	175	175	210	185	300	350	325	350
SDA									
Grants	1527	795	775	905	895	1500	1600	1700	1800
TOTAL	3007	2223	2200	2445	2525	3100	3300	3500	3640

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FY 1989 ANNUAL BUDGET SUBMISSION

TABLE III PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

COUNTRY/OFFICE: PPS/FDPR

APPROPRIATION ACCOUNT			FY 87	FY 88	FY 89
PROJECT NO.	TITLE	L/G	ESTIMATE	ESTIMATE	AAFL
<b>ARD&amp;N</b>					
930-0091	POLICY ISSUES IN AGR LAND MARKET	G	5		
930-0091	PRIVATE SECTOR IN AGR RESEARCH EXTENSION	G	100		
930-0091	AGR LAND REVENUE/UTILIZATION	G	5		
930-0091	SOCIOECONOMIC EFFECTS OF POLICY REFORM	G	50	100	100
930-0091	REGENERATIVE AGR INFORMATION CENTER	G	50		
930-0091	INCENTIVES NATURAL RESOURCES MGT.	G	100		
930-0091	FOOD SELF-RELIANCE	G	3		
930-0091	IMPACT OF COUNTRY'S ECON GROWTH ON TRADE WITH U.S.	G		125	
930-0091	ISSUES IN ENVIRON, ENERGY & NATURAL RESOURCES	G		25	100
930-0091	LAND MARKET DEVELOPMENT	G		25	100
930-0091	SELF-TARGETING FOOD AID	G			140
930-0091	DRYLAND VS. IRRIGATED AGRICULTURE	G			100
			313	275	540
930-0096	FAMILY CHOICES FOR CHILDREN	G	50		
930-0096	NUTRITION POLICY INITIATIVES	G	75	50	50
930-0096	STRUCT ADJUST. EFFECTS/CASH CROPPING	G	50		
930-0096	PRIVATIZATION POLICY STUDIES	G		100	
930-0096	FOOD CONSUMPTION ISSUES	G		150	150
930-0096	FAMILY CHOICES/CHILDREN	G		10	10
			175	310	210
	<b>SUBTOTAL</b>		<b>488</b>	<b>585</b>	<b>750</b>
<b>POP</b>					
930-0068	FAMILY CHOICES FOR CHILDREN	G	50	10	10
930-0068	PRIVATE SECTOR APPROACHES TO FAM. PLAN	G	100		
930-0068	ECON DEVELOPMENT & POPULATION GROWTH	G	200		100
930-0068	SPECIAL ISSUES IN POPULATION POLICY	G	125		
930-0068	CLIENT-ORIENTED FAMILY/PLANNING SERVICES	G		100	100
930-0068	PRIVATE SECTOR FAMILY PLANNING	G		100	100
930-0068	ECONOMIC DEVELOPMENT & POPULATION GROWTH	G		100	
	<b>SUBTOTAL</b>		<b>475</b>	<b>310</b>	<b>310</b>

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FY 1989 ANNUAL BUDGET SUBMISSION

TABLE III PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

COUNTRY/OFFICE: PPC/FDPR

APPROPRIATION ACCOUNT PROJECT NO. TITLE		L/G	FY 87 ESTIMATE	FY 88 ESTIMATE	FY 89 AAFL
<b>HEALTH</b>					
930-0082	CHILD SURVIVAL	G	10	100	50
930-0082	CS/GROWTH MONITORING	G	50		
930-0082	NUTRITION POLICY INITIATIVES	G	75	75	75
930-0082	STRUCTURAL ADJUST EFFECTS/CASH CROPPING	G	50		
930-0082	SOCIOECONOMIC EFFECTS OF POLICY REFORM	G	65		
930-0082	POLICY ANALYSIS ON AIDS	G	20		
930-0082	HEALTH DEMAND & FINANCING/PRIVATE SECTOR HEALTH	G	20	100	100
930-0082	AIDS POLICY ISSUES	G		100	100
930-0082	AGING POLICY ISSUES	G		50	50
930-0082	FAMILY CHOICES/CHILDREN	G		10	10
	SUBTOTAL		290	435	385
<b>EDUCATION</b>					
930-0089	EDUCATION FINANCE & ADMIN OPTIONS	G	125		
930-0089	EDUCATION & LOCAL INSTITUTION DEVELOPMT	G	50	100	50
930-0089	VOC. EDUCATION & PROFESSIONAL TRAINING	G		50	75
930-0089	EARLY CHILDHOOD EDUCATION	G		50	50
930-0089	FAMILY CHOICES/CHILDREN	G		10	10
	SUBTOTAL		175	210	185
<b>SELECTED DEVELOPMENT ACTIVITIES</b>					
930-0077	ENERGY	G	0	0	0
930-0086	ELECTION TECHNICAL ASSISTANCE	G	73	150	200
930-0086	DEMOCRACY INTEGRATION	G	7		
930-0086	PUBLIC DIPLOMACY/PHILIPPINES	G	10		
930-0086	PUBLIC DIPLOMACY/HAITI	G	80		
930-0086	BICENTENNIAL CONFERENCE	G	30		
930-0086	CONSTITUTIONAL PROTECTION OF RIGHTS	G	10		
930-0086	CENTRAL AMERICA LEGISLATIVE TRAINING	G	60		
930-0086	HUMAN RIGHTS DATA BASE	G	30		
930-0086	SUPPORT FOR LEGISLATURES--SMALL GRANTS	G	50		
930-0086	HUMAN RIGHTS SYMPOSIUM	G		50	50
930-0086	FREEDOM OF PRESS SEMINAR	G		60	
930-0086	ADMINISTRATION OF JUSTICE FOR AFRICA	G		40	30
930-0086	LAC DEMOCRATIC LEADERSHIP TRAINING SEMINAR	G		40	30
930-0086	LEGISLATURE DEVELOPMENT TRAINING INSTITUTE	G		40	30
930-0086	BICENTENNIAL OF THE CONSTITUTION	G		40	20
930-0086	PUBLIC DIPLOMACY/ELECTION ASST.	G		75	50
			350	495	410

FY 1989 ANNUAL BUDGET SUBMISSION

TABLE III PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

COUNTRY/OFFICE: PPC/PDPR

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	FY 87 ESTIMATE	FY 88 ESTIMATE	FY 89 AAFL
SELECTED DEVELOPMENT ACTIVITIES (CONTINUED)				
930-0090	G	10		
930-0090	G	20		
		30	0	0
930-0092	G	150	175	150
930-0092	G	115	110	110
930-0092	G	50		
930-0092	G	100		
930-0092	G			75
		415	285	335
930-0097	G	0	100	100
930-0097	G		25	50
		0	125	150
		795	905	895
SUB-TOTAL				
TOTAL		2223	2445	2525

PPC/PDPR/SI:ATOURE:6/19/87

909 - POL DEV/PROGRAM REV

FY 1989 BUREAU BUDGET SUBMISSION TO PFC  
TABLE IV - PROJECT BUDGET DATA

BLP. FOR PROGRAM AND POLICY COORDINATION

PROJECT NUMBER AND TITLE	TITLE	OBLIG DATE	TOTAL COST- YHRU	OBLIG THRU FY 86	ESTIMATED U.S. DOLLAR COST (\$000)			MORTGAGE			SPECIAL CODES	ITEM NO.	
					FY 1986	FY 1987	FY 1988	END OF FY 1987	FY 1988	FY 1989			
931-0091	POLICY ISSUES IN AGR LAND MARKET	G 86	-- --	140	5	5							
930-0091	PRIVATE SECTOR IN AGR RESEARCH EXTENSION	G 86	-- --	0	100	100							
930-0091	AGR LAND REVENUE/UTILIZATION	G 86	87 -- --	75	5	5							
930-0091	SOCIOECONOMIC EFFECTS OF POLICY REFORM	G 87	-- --		50	50	100		100				
930-0091	REGENERATIVE AGR INFORMATION CENTER	G 86	-- 40 40		50	50							
930-0091	INCENTIVES NATURAL RESOURCES MANAGEMENT	G 87			100	100							
930-0091	FOOD SELF-RELIANCE	G 85	87 -- --	60	3	3							
930-0091	IMPACT OF COUNTRY'S ECON GROWTH ON TRADE W/ U.S.	G 88							125				
930-0091	ISSUES IN ENVIRON, ENERP/ & NATURAL RESOURCES	G 88							25		100		
930-0091	LAND MARKET DEVELOPMENT	G 88							25		100		
930-0091	SELF-TARGETING FOOD AID	G 89									140		
930-0091	DRYLAND VS. IRRIGATED AGRICULTURE	G 89									100		
	SUBTOTAL				313				275		540		

PROJECT NUMBER AND TITLE	TITLE	-----		ESTIMATED U.S. DOLLAR COST (\$000)-----							SPECIAL CODES	ITEM NO.
		DEBIC	THRU	FY 1986	FY 1987	MORTGAGE	FY 1988	FY 1989				
G	DATE	TOTAL COST-		FY 1986	OBBLIGA-	EXPENDI-	END OF	OBBLIGA-	EXPENDI-	APPL		
C	INIT FIN	PLAN	FY 86	LINE	TIONS	TURES	FY 1987	TIONS	TURES			
NUTRITION AND DEVELOPMENT												
930-0096	FAMILY CHOICES FOR CHILDREN											FNNI
G	87 --				50	40		10		10		
930-0096	NUTRITION POLICY INITIATIVES											FNNI
G	85 --				75	60		50		50		
930-0096	STRUCT ADJUST. EFFECTS/CASH CROSSING											FNNI
G	87 --				50	50						
930-0096	PRIVATIZATION POLICY STUDIES									100		FNNI
G	89 --											
930-0096	FOOD CONSUMPTION ISSUES										150	FNNI
G	88 --										150	
	SUBTOTAL							175		310		210
APPROPRIATION												
	TOTAL							486		585		750
	GRANT							498		585		750
	LOAN							--		--		--
POPULATION PLANNING												
930-0068	FAMILY CHOICES FOR CHILDREN											FNZZ
G	86 --				50	40		10		10		
930-0068	PRIVATE SECTOR APPROACHES TO FAMILY PLANNING											FNZZ
G	87 --				100	80		100		100		
930-0068	ECON DEVELOPMENT & POPULATION GROWTH											FNZZ
G	87 --				200	150		100		100		
930-0068	SPECIAL ISSUES IN POPULATION POLICY											FNZZ
G	87 --				125	120						
930-0068	CLIENT-ORIENTED FAMILY PLANNING SERVICES											FNZZ
G	88 --									100	100	
APPROPRIATION												
	TOTAL							475		310		310
	GRANT							475		310		310
	LOAN							--		--		--

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PROJECT NUMBER AND TITLE		TITLE	ESTIMATED U.S. DOLLAR COST (\$000)								SPECIAL CODES		ITEM NO.		
L	INIT	FIN	AUTH	FLAN	FY 86	OBLIG THRU FY 86	FY 1985	FY 1987	EXPENDI- TURES	MORTGAGE	FY 1988	FY 1989	MAPL	SPECIAL CODES	ITEM NO.

HEALTH

930-0082	CHILD SURVIVAL														ESZZ
G	87	--					10	10		100		50			
930-0082	CS/GROWTH MONITORING														CSZZ
G	86	--					50	40							
930-0082	NUTRITION POLICY INITIATIVES														HEFF
G	85	--					75	65		75		75			
930-0082	STRUCTURAL ADJUST EFFECTS/CASH CROSSING														HEFF
G	87	--					50	50							
930-0082	SGCID ECONOMIC EFFECTS OF POLICY REFORM														HEFF
G	87	--					65	60							
930-0082	POLICY ANALYSIS ON AIDS														HEFF
G	88	--					20	15		100		100			
930-0082	HEALTH DEMAND & FINANCING/Private Sector Health														HEFF
G	88	--					20	20		100		100			
930-0082	AGING POLICY ISSUES														HEFF
G	88	--								50		50			
930-0082	FAMILY CHOICES FOR CHILDREN														HEFH
G	86	--								10		10			

APPROPRIATION

TOTAL	290		435	385
GRANT	290		435	385
LOAN	--		--	--

EDUCATION

930-0089	EDUCATION FINANCE & ADMIN OPTIONS														EHMA
G	85	--					125	120							
930-0089	EDUCATION & LOCAL INSTITUTION DEVELOPMENT														EHMA
G	86	--					50	50		100		50			
930-0089	VOC. EDUCATION & PROFESSIONAL TRAINING														EHVT
G	88	--								20		75			
930-0089	EARLY CHILDHOOD EDUCATION														EMRE
G	85	--								50		50			
930-0089	FAMILY CHOICES FOR CHILDREN														EHZZ
G	88	--								10		10			

APPROPRIATION

TOTAL	175		210	185
GRANT	175		210	185
LOAN	--		--	--

7. 26

PROJECT NUMBER AND TITLE	TITLE	OBLIG		ESTIMATED U.S. DOLLAR COST (\$000)							SPECIAL CODES	ITEM NO.
		DATE	-TOTAL COST-	FY 1986	---FY 1987---	MORTGAGE	---FY1988---	---FY 1989---	AAFL			
L	INIT FIN AUTH PLAN	FY 86	THRU	LINE	DELIGA- TIONS	EXPENDI- TURES	END OF FY 1987	OBLIGA- TIONS	EXPENDI- TURES	AAFL		

-----  
SELECTED DEVELOPMENT ACTIVITIES  
-----

930-0077 ENERGY .....SDEV

930-0086 HUMAN RIGHTS

930-0086 ELECTION TECHNICAL ASSISTANCE .....SDHP

G 87 -- 150 150 150 200

930-0086 DEMOCRACY INTEGRATION .....SDHP

G 87 -- 10 10

930-0086 LEGISLATIVE TRAINING .....SDHP

G 87 -- 30

930-0086 CENTRAL AMERICA LEGISLATIVE TRAINING .....SDHP

G 87 -- 93 93

930-0086 HUMAN RIGHTS DATA BASE .....SDHP

G 87 -- 30 30

930-0086 HUMAN RIGHTS SYMPOSIUM .....SDHP

G 87 -- 10 10 50 50

930-0086 FREEDOM OF PRESS SEMINAR .....SDHP

G 88 -- 80

930-0086 AFR DOCUMENTATION WORKSHOP .....SDHP

G 87 -- 27 27 40 30

930-0086 LAC DEMOCRATIC LEADERSHIP TRAINING SEMINAR .....SDHP

G 88 -- 40 30

930-0086 LEGISLATURE DEVELOPMENT TRAINING INSTITUTE .....SDHP

G 88 -- 40 30

930-0086 BICENTENNIAL OF THE CONSTITUTION .....SDHP

G 88 -- 40 20

930-0086 PUBLIC DIPLOMACY/ELECTION ASSISTANCE .....SDHP

G 88 -- 75 50

SUBTOTAL 350 455 410

-----  
SOCIAL/POLITICAL ASPECTS OF DEVELOPMENT  
-----

930-0090 SOCIOECONOMIC EFFECTS OF POLICY REFORM .....SDHP

G 87 -- 10 10

930-0090 CULTURE AND DEVELOPMENT .....SDHP

G 87 -- 20 20

SUBTOTAL 30 " 0

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PROJECT NUMBER AND TITLE	TITLE	ESTIMATED U.S. DOLLAR COST (\$000)				MORTGAGE END OF FY 1987	FY 1988		SPECIAL CODES	ITEM NO.
		OBLIG DATE	-TOTAL COST-	OBLIG THRU	FY 1986		---FY 1987---	EXPENDI- TURES		
G	INIT	FIN	AUTH	PLAN	FY 86	PIPE-	OBLIGA-	EXPENDI-	AAFL	
L						LINE	TIONS	TURES		

## SPECIAL DEVELOPMENT ACTIVITIES (CONTINUED)

## ECONOMIC RESEARCH

930-0092	FINANCIAL MARKETS POLICY STUDIES									SDZZ
G	86	--				150	150	175	150	
930-0092	PRIVATIZATION POLICY STUDIES					115	115	110	110	SDZZ
G	86	--								
930-0092	PRIVATIZATION COMMUNICATIONS					50	50			SDZZ
G	87	--								
930-0092	FUTURE DEVELOPMENT TRENDS					100	100			SDZZ
G	87	--								
930-0092	REDUCTION OF SUBSIDIES & POLITICAL STABILITY								75	SDZZ
G	87	--								
	SUBTOTAL					415		295	335	

## 930-0097 HUMAN RESOURCE STRATEGIES

930-0097	HUMAN RESOURCE MANAGEMENT							100	100	SDZZ
G	88	--								
930-0097	BIODIVERSITY POLICIES							75	70	SDZZ
G	89	--								
	SUBTOTAL					0		125	130	

## APPROPRIATION

TOTAL	795	905	895
GRANT	795	905	895
LOAN	--	--	--

## FUNCTIONAL ACCOUNT

TOTAL	2223	2445	2525
GRANT	2223	2445	2525
LOAN	--	--	--

## OFFICE TOTAL

TOTAL	2223	2445	2525
GRANT	2223	2445	2525
LOAN	--	--	--

ANNUAL PROGRAM IN FY 1989  
ANNUAL BUDGET SUBMISSION  
TABLE V -- PROPOSED PROGRAM RANKING

OFFICE: PFC/PDFR

RANK	PROJECT	TITLE	NEW/ CONF	LOAN/ GRANT	APFR ACCT	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	930-0092	FINANCIAL MARKETS POLICY STUDIES	C	G	SDA	175	175
2	930-0082	NUTRITION POLICY ISSUES	C	G	HEA	75	250
	930-0096	NUTRITION POLICY ISSUES	C	G	ARDN	50	300
3	930-0092	PRIVATIZATION POLICY STUDIES	C	G	SDA	110	410
	930-0096	PRIVATIZATION POLICY STUDIES	C	G	ARDN	100	510
4	930-0091	IMPACT OF A COUNTRY'S ECON GROWTH ON TRADE WITH U.S.	N	G	ARDN	125	625
5	930-0086	HR RESRCH & DEV: HUMAN RIGHTS SYMPOSIUM	C	G	SDA	50	685
6	930-0086	HR RESRCH & DEV: FREEDOM OF PRESS SEMINAR	N	G	SDA	60	745
7	930-0086	PART. DEM INST BLD: ADMIN OF JUST FOR AFR	N	G	SDA	40	785
8	930-0086	PART. DEM INST BLD: LAC DEM LEADER TRN SEMINAR	N	G	SDA	40	825
9	930-0082	HEALTH DEMAND & FINANCING/PRIV SECTOR HEALTH	C	G	HEA	100	925
10	930-0096	FOOD CONSUMPTION ISSUES	C	G	ARDN	150	1075
11	930-0097	NATURAL RESOURCES MANAGEMENT	N	G	SDA	100	1175
12	930-0097	BIODIVERSITY POLICIES	N	G	SDA	25	1200
13	930-0091	SOCIOECONOMIC IMPACT OF MACROECON POLICY REFORM	C	G	ARDN	100	1300
14	930-0089	VOC. EDUCATION & PROFESSIONAL TRNG	N	G	EHR	50	1350
15	930-0082	AIDS POLICY ISSUES	N	G	HEA	100	1450
16	930-0082	AGING POLICY ISSUES	N	G	HEA	50	1500
17	930-0086	PART DEM INST BLD: LEG DEV TRNG INST.	N	G	SDA	40	1540
18	930-0086	PART DEM INST BLD: BICENT OF CONSTITUTION	N	G	SDA	40	1580
19	930-0086	STRUCT ELECT ASST: TECHN ELECTORAL ASST.	C	G	SDA	150	1730
20	930-0086	STRUCT ELECT ASST: PUBLIC DIP/ELECT ASST.	N	G	SDA	75	1805
21	930-0068	CLIENT ORICNTED FAMILY/PLANNING SERVICES	N	G	FOP	100	1905
22	930-0082	POLICY ISSUES IN CHILD SURVIVAL	C	G	HEA	100	2005
23	930-0068	PRIVATE SECTOR FAMILY PLANNING	N	G	FOP	100	2105
24	930-0091	ISSUES IN ENV.. ENERGY & NATURAL RESOURCES	N	G	ARDN	25	2130
25	930-0089	EARLY CHILDHOOD EDUCATION	C	G	EHR	50	2180
26	930-0068	ECONOMIC DEVELOPMENT & POPULATION GROWTH	N	G	FOP	100	2280
27	930-0089	EDUC/LOCAL INSTITUTION DEVELOPMENT	C	G	EHR	100	2380
28	930-0091	LAND MARKET DEVELOPMENT	N	G	ARDN	25	2405
29	930-0096	FAMILY CHOICES/CHILDREN	C	G	ARDN	10	2415
	930-0082	FAMILY CHOICES/CHILDREN	C	G	HEA	10	2425
	930-0068	FAMILY CHOICES/CHILDREN	C	G	FOP	10	2435
	930-0089	FAMILY CHOICES/CHILDREN	C	G	EHR	10	2445

OTHER

930-00XX	SUPPORT. MDB REVIEW	N	G	SDA OR ARDN	0	2445
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150,000 REQUIRED: TO BE PROVIDED OUTSIDE OF PDPR'S BUDGET.

PFC/PDPR/SI:ATOURE:6/19/87

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ANNUAL PROGRAM IN FY 1989  
ANNUAL BUDGET SUBMISSION  
TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PFC/PDFR

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	AFFR ACCT	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	930-0092	FINANCIAL MARKETS POLICY STUDIES	C	G	SDA	150	150
2	930-0082	NUTRITION POLICY INITIATIVES	C	G	HEA	75	225
	930-0096	NUTRITION POLICY INITIATIVES	C	G	ARDN	50	275
3	930-0092	PRIVATIZATION POLICY STUDIES	C	G	SDA	110	385
4	930-0086	HUMAN RIGHTS RESEARCH & DEVELOPMENT: HUMAN RIGHTS SYMPOSIUM (\$50,000)	N	G	SDA	50	435
5	930-0086	PART DEM INST BLD: ADMIN OF JUSTICE IN AFR	C	G	SDA	30	465
6	930-0086	PART DEM INST BLD: LAC DEM LEADER TRNG SEMINAR	C	G	SDA	30	495
7	930-0086	STRUCT ELECT ASST: TECHN ELECT ASST.	C	G	SDA	200	695
8	930-0082	HEALTH DEMAND & FINANCING/Private Sector Health	C	G	HEA	100	795
9	930-0086	PART DEM INST BLD: LEG DEVMT TRNG INSTITUTE	C	G	SDA	30	825
10	930-0086	PART DEM INST BLD: BICENTENNIAL OF CONST.	C	G	SDA	20	845
11	930-0089	EARLY CHILDHOOD EDUCATION	C	G	EHR	50	895
12	930-0097	NATURAL RESOURCES MANAGEMENT	C	G	SDA	100	995
13	930-0097	BIODIVERSITY POLICIES	C	G	SDA	50	1045
14	930-0096	FOOD CONSUMPTION ISSUES	C	G	ARDN	150	1195
15	930-0091	SOCIOECONOMIC IMPACT OF MACROECON POLICY REFORM	C	G	ARDN	100	1295
16	930-0082	AIDS POLICY ISSUES	C	G	HEA	100	1395
17	930-0082	AGING POLICY ISSUES	C	G	HEA	50	1445
18	930-0082	POLICY ISSUES IN CHILD SURVIVAL	C	G	HEA	50	1495
19	930-0091	SELF-TARGETING FOOD AID	N	G	ARDN	140	1635
20	930-0089	VOC. EDUC & PROFESSIONAL TRAINING	C	G	EHF	75	1710
21	930-0068	CLIENT ORIENTED FAMILY PLANNING SERVICES	C	G	POP	100	1810
22	930-0091	ISSUES IN ENV., ENERGY & NATURAL RESOURCES	C	G	ARDN	100	1910
23	930-0068	ECONOMIC DEVELOPMENT & POPULATION GROWTH	C	G	POP	100	2010
24	930-0068	PRIVATE SECTOR FAMILY PLANNING	C	G	POP	100	2110
25	930-0086	STRUCT ELECT ASST: PUBLIC DIPL/ELECT ASST.	N	G	SDA	50	2160
26	930-0087	EDUC/LOCAL INSTITUTIONAL DEVELOPMENT	C	G	EHF	50	2210
27	930-0091	LAND MARKET DEVELOPMENT	C	G	ARDN	100	2310
28	930-0092	REDUCTION OF SUBSIDIES & POLITICAL STABILITY	N	G	SDA	75	2385
29	930-0096	FAMILY CHOICES/CHILDREN	C	G	ARDN	10	2395
	930-0082	FAMILY CHOICES/CHILDREN	C	G	HEA	10	2405
	930-0068	FAMILY CHOICES/CHILDREN	C	G	POP	10	2415
	930-0089	FAMILY CHOICES/CHILDREN	C	G	EHF	10	2425
30	930-0091	DRYLAND VS. IRRIGATED AGRICULTURE	N	G	ARDN	100	2525
OTHER							
	930-00XX	SUPPORT MDW REVIEW	C	G		0	2525

\_/ \$150,000 REQUIRED; TO BE OBTAINED FROM OUTSIDE PDFR'S BUDGET.

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PART III

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New Project Narrative

Project Number: 930-0091

Title: Impact of a Country's Economic Growth on Trade with the United States

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1988 \$125,000

Purpose: To examine the impact of U.S. foreign assistance on U.S. exports, especially agricultural exports, and explore relationships between economic growth in the developing countries and trade between those countries and the U.S.

Background: Several domestic agricultural related interest groups have attempted to link foreign assistance, specifically assistance to the agricultural sectors of the developing countries, with the present negative economic situation of U.S. domestic agriculture. These interest groups have been vocal enough to impact directly on budgetary levels for A.I.D. programs in agriculture. More substantive research is required to provide the data and information necessary to clarify the relationship between foreign assistance and U.S. agricultural exports.

The proposed research would provide useful information for gaining insight into the following questions:

1. What are the economic and political forces which are changing the locus of comparative advantage in agriculture between and among the LDCs and developed countries?
2. What is the impact of the growth in income of the poor in LDCs on agricultural trade?
3. In which regions of the developing world are there likely to emerge new markets and new sources of competition for U.S. agricultural exports?

The proposed study would help to provide knowledge needed to guide policy decisions concerning the interrelationships among trade and development. The results could be utilized to justify the development assistance program to Congress and the U.S public.

Project Description: The research will result in an analysis of the relation between development and trade, including the linkage between increased productivity in the agricultural sector and the potential for commercial trade. The analysis also will explain the actual and potential impacts of foreign assistance on the structure of the U.S. agricultural sector.

Relation to Development and/or Articulation of Policy: In most developing countries, a large proportion of national product and employment and income is derived from agriculture and food production which is needed to meet domestic demand for food. The economic development of the country is therefore driven by growth in the agricultural sector. Whether or not the resulting increase in income contributes to increased trade with the U.S. may influence the direction of future A.I.D. policy in agricultural development.

Relationship to Agency Needs: This research is a matter of immediate concern to the Agency.

On-going Project Narrative

Project Number: 930-0096

Title: Food Consumption Issues

Appropriation Account: 103 (ARDN)

Funding: FY 1988 \$150,000, FY 1989 \$150,000

Purpose: To carry out policy-related research focusing on food consumption issues. Research will include

- field testing of methods for measuring changes in intrahousehold allocation behaviors that result from implementation of development projects,
- determining means of addressing detrimental seasonal and annual fluctuations in food supply, and
- exploring ways of addressing detrimental consumption and child feeding practices which may result from shifts from traditional to modern farming practices.

Background: Recent data have confirmed that increased food production alone is insufficient to improve the nutritional status of populations. PPC has been involved for several years in policy-related research on

- intrahousehold behavior changes resulting from development projects which affect consumption and nutritional status of household members,
- the effect of seasonal and annual fluctuations in food supply on families and individual family members, and
- the effect of changing farming practices, specifically the shift from traditional subsistence farming to production of cash crops on consumption and nutritional status of vulnerable groups.

Project Description: In FY 88 and 89 several activities will be undertaken to test and refine conclusions reached in the studies described above. One or more of the following activities will be undertaken in each fiscal year:

- Placement of family resource allocation experts on project teams. Experts will be provided to project design teams for projects in a variety 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 more scientific field study to validate intrahousehold allocation research methods. 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 A.I.D. project, adoption of technology, benefits and benefit dispersal within family and community.
- Implementation of recommendations of the review report on household food security in the context of Agency efforts in food security, food sector strategies, and agricultural and rural development programs. Outputs will be one to three case studies to be carried out in FY 88-89.
- Testing of policy recommendations resulting from the series of studies funded by PDPR on the shift from subsistence farming to cash cropping, and development of policy guidance on protection of consumption patterns and nutritional status where necessary during the transition to new farming practices.

Relation to Policy Development/Articulation of Policy: Policy guidance will be developed to improve the design of A.I.D. projects to improve the impact of A.I.D. assistance on food consumption and nutritional status.

Relationship to Agency Objectives: The A.I.D. Blueprint for Development sets out goals for reduction of malnutrition as reflected in improved levels of consumption and decreased infant mortality rates. Meeting these goals will require increased attention to issues of household food security and to the effects of shifts in resource allocation and consumption patterns within families resulting from development projects and changes in farming practices and cropping patterns.

Ongoing Project Narrative

Project Number: 930-0091

Title: Assessing the Socioeconomic Impact of Macroeconomic Policy Reform

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: The purpose of this project is to support primary data collection and analysis, following on a FY 87 activity to outline the conceptual framework review the secondary literature on the socioeconomic impact of macroeconomic reform.

Project Description: The project will support the fieldwork phase and subsequent analysis of a number of country cases. The primary data collection will probably take place primarily in Asia/Near East and Latin America and the Caribbean, complementing work undertaken in FY 1987-8 by the Africa Bureau. The analysis, however, will include cases from all three regions. The outputs of the study will be separate country case papers, a summary paper with analysis and policy implications, and a set of recommendations for mitigating the negative impacts of reform on vulnerable groups or alternatively enhancing positive consequences for A.I.D.'s target population.

Relation to Development of Policy: Results of the research should contribute to the shaping of Agency guidance on issues such as project vs. non-project assistance modalities, the requirement for sectoral policy reform, selective assistance to particularly disadvantaged groups and so forth.

Relationship to Agency Needs: Regional and other central bureaus have indicated a substantial interest in improving their understanding of the socioeconomic effects of macroeconomic reform programs. These effects cannot be well understood from the macroeconomic indicators that tend to form the basis for judgment of the economic soundness of the reforms. As more reform programs are initiated or supported by A.I.D. each year, means of ensuring that programs stimulate growth with equity, and do not have even near-term unintended negative impacts on A.I.D.'s traditional target population, would be desirable. Some buy-ins are anticipated from regional bureaus to support the specific country case studies.

New Project Narrative

Project Number: 930-0091

Title: Special Issues in Environment, Energy and Natural Resource Management

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1988 \$25,000, FY 1989 \$100,000

Purpose: To carry out research, studies or analyses necessary to address policy issues related to environment, energy or natural resources and, in particular, to satisfy Congressional requirements relating to tropical forests, biological diversity, energy, and the Agency's new responsibility for reviewing the environmental affects of projects funded by the multilateral development banks.

Background: In recent years, A.I.D.'s environmental and natural resource activities have been under increasing scrutiny from the Congress and key environmental organizations. As a result, Congress has encouraged A.I.D. to expand its environment/natural resource program and project activities, focusing especially on activities designed to conserve biological diversity and to protect tropical forest resources. New legislation requires that A.I.D. report annually to Congress on its activities in these two areas and that field missions assess actions needed and now being undertaken in each A.I.D. country to protect diversity and preserve tropical forests. In addition, A.I.D. in concert with State and Treasury, has been given responsibility for encouraging the MDBs to assure the environmental soundness of their projects. PPC, where these responsibilities primarily lie, will draw on the experience of field missions and contract staff where appropriate to fulfil these requirements.

Project Description: This project will support studies and/or analyses addressing key issues in environment, energy and natural resource management. Some key activities which may be supported include:

- developing guidelines/manuals to implement Agency policy and regulations--examples might include a handbook on implementing the Agency's environmental assessment regulations or guidelines for designing projects to conserve biological diversity;
- developing and maintaining data bases necessary to provide information for reports to Congress on biological diversity and tropical forests;

- special studies examining projects proposed for funding by the multilateral development banks;
- developing guidelines for the USG review of projects funded by the MDBs;
- studies examining how AID can encourage the expansion of private investment in the energy sector; and
- studies examining A.I.D.'s progress in implementing its environment, energy, and natural resource policies.

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Project Number: 930-0091

Title: Comparative Analysis of Land Market Development in Selected LDCs

Appropriation (Funding) Account: 103 (ARDN)

Funding FY 1988 \$25,000, FY 1989 \$100,000

Purpose: The purpose of the project would be to support a cross-sectional analysis of case studies on land markets completed by FY 1988, and to draw conclusions regarding further and more detailed policy and program guidance in implementing the Agency's land tenure policy.

Background: In the mid-1980s .I.D., the World Bank and participating host countries supported case studies in Thailand, Philippines, Upper Volta, Ghana, Rwanda, Kenya, Ecuador, Guatemala and Honduras on the relationships among tenure security, credit and land markets in increasing agricultural productivity. The studies have been sufficiently coordinated so that a core of comparable data is available from each study. In order to capitalize on this investment, funding must be provided to synthesize and comparatively analyze this material.

Project Description: The project will consist of a secondary analysis of the materials presented in the country case studies enumerated above. Specific questions regarding the role of land markets in meeting objective of equitable growth, as well as the requirements for facilitating the functioning of such markets will be explored. Pre-existing conditions, such as the means for improving tenure security, and ancillary requirements, such as credit will also be examined. The product will be a report detailing the analysis and making policy and programmatic recommendations for both donors and host countries.

Relation to Policy Development: Host countries and the donor community have turned away from broad-scale redistributive land reforms, and have, instead, begun to emphasize improving tenure security and allowing the marketplace to allocate land. However, very little high quality empirical work has been conducted to determine if, indeed, there is a positive relationship among tenure security, an economic allocation of land resources and credit through markets and increased agricultural productivity. The individual case studies are of such quality, and the synthesis should provide the basis for refining development thinking about the merits of different approaches to improving access to and security on agricultural land.

Relationship to Agency Needs: The case studies were funded by a variety of interested parties, including the World Bank; the Governments of Thailand and the Philippines; and A.I.D.'s AFR, LAC, PPC and S&T Bureaus. Some of these entities, particularly other bureaus in A.I.D., may be interested in buying into the synthesis work. As the scope of work will particularly emphasize the policy aspects, and the work will include all regions, it is appropriate for PDPR to take the lead in the research. No such thorough work on land markets has been done to date, so the results should be useful to missions, other donors and host countries considering market approaches to altering the distribution of agricultural land for improved productivity.

New Project Narrative

Project No: 930-0089

Title: Vocational Education and Professional Training

Appropriate (Funding) Account: 105 (EHR)

Funding: FY 1988 \$50,000, FY 1989 \$75,000

Purpose: To facilitate reviews of field experience and available research evidence on the most cost-effective ways of providing higher education and vocational/technical training.

Background: A.I.D., along with other donors, is encouraging countries to explore alternative financing and administrative arrangements for all levels of education and training. IBRD/IDA in particular have been encouraging new initiatives aimed at encouraging major reforms of education finance.

Attention to date has been mainly on ways to decentralize and localize primary and secondary school systems and to shift costs and administrative responsibilities to communities, to parents and to private organizations. Though there is major potential for mobilizing additional resources and for more effective involvement of parents and community leaders, such efforts are not expected to lead to significant reductions in overall public commitments for education and training. In particular, they will not reduce the central budget commitments for the universities, the technical training institutes and the academic secondary system. There is increasing consensus that much greater attention must be given to managing the costs of specialized training, both at the secondary level and in universities and other advanced training institutions.

There are powerful constituencies in support of investments in technical training and higher education institutions. For each education or training objective, there are competing models and approaches. However, there is remarkably little sound international comparative research on relative costs, cost-effectiveness and administrative feasibility. Consequently, policy choices among institutional models specialized education and training are subject to competing fads and narrowly focused advocacy. To influence significant change, it is necessary to demonstrate that the alternatives are cost-effective and that the mechanisms are feasible.

Research is needed on issues such as the following:

- The likely enrollment effects of increasing tuition fees.

- Which vocational training strategies are cost-effective. (large schools versus small schools; integrated systems versus specialized institutes; early vocational choice versus deferred specialization).
- The role of the private sector in providing vocational education and professional training. What can/should be done to encourage private universities? What public policies inhibit and what policies support private education and training initiatives? What options exist for assistance to such initiatives?
- The mechanisms through which employers can be involved and the types of training systems which most easily facilitate employer involvement. There are a number of payroll finance mechanisms such as SENA in Colombia or SENAI in Brazil, only a few of which have been examined for lessons applicable in A.I.D.-assisted countries. There are hundreds of institutional models, adapted to the specific needs of individual employers and specific economies, but there is little generalizable guidance on aspects for replication in A.I.D.-assisted projects. An effort to develop such guidance is needed, starting with commissioned case studies of selected models and mechanisms.
- Institutional models for higher education. The land-grant university is frequently cited as the institutional model for most A.I.D.-assisted university development efforts, particularly in the agriculture field. There is a need to define more precisely what the key characteristics are of the land-grant university model precisely what aspects must be controlled to make it cost-effective, what the planning parameters for such a model should be (what size, staffing ratios, diversity of course offerings), and how it should be financed.
- Alternatives to the full university. The U.S. has substantial experience with the community college and other two-year post-secondary training programs leading to associate degrees in applied fields. There is interest in several countries in developing variants of these institutional models and applied degree programs. A.I.D. needs to examine these models, determine what aspects have application and how best to make the U.S. experience available to interested countries.
- Financing alternatives for external training. There is a need to consider options such as expanding reimbursable training and providing partial rather than full fellowships.
- Management problems of higher education systems. Many universities and other training institutions in LDCs are

not managed cost-effectively, with problems in a wide range of areas -- from staffing and facilities utilization to budget management and inventory control to faculty pensions to libraries and dormitories. The U.S. has much university management experience and expertise which is not being mobilized or applied effectively. An initiative is needed to examine university management needs in LDCs and the capabilities in the U.S. university community for response.

-- A special set of management problems faces the university administrator in the small country, where the demands for a wide range of services and training capacity must be accommodated within a relatively small set of institutions, frequently a single university. The special problems of managing the small college or the national university in a small country have not been addressed in any systematic way, either as a topic for research or as a task for technical assistance.

Project Description: Resources (time as well as finance) will not allow extended research and experimentation. Further, it is not possible to anticipate fully all issues which may arise in the course of project design, program review or development of new policy and strategy guidance. What is needed is a mechanism for accessing existing research and field experience expeditiously as specific issues arise. The proposed mechanism is a cooperative agreement with an institution or consortium, through which expertise can be accessed quickly in the form of advisory reports, technical papers or seminars. A scope of work for a cooperative agreement will be developed as an RFP for open competition during the first quarter of FY 1988.

A committee will be established representing S&T, the regional bureaus and PPC. Other entities with relevant expertise and charters, such as BIFAD and the International Labor Bureau of the Department of Labor, will be consulted. The committee will identify vocational education and professional training issues of significant policy concern, defining each issue and its relevance to A.I.D. programs. The cooperating institution(s) will be invited to respond to this set of issues, as well as to propose other issues, with specific proposals suggesting how each issue could be addressed. The committee will then establish a workplan to address 3 to 5 selected issues.

Typical workplans would allocate \$30-50,000 per issue, with the work to be completed in not more than 9 months. Funding will be included for an annual colloquium in A.I.D./W at which results of these and other relevant recent work can be presented.

Relationship to Articulation of Policy: Enables office to respond quickly and on the basis of expert opinion to policy-relevant issues as they arise. A.I.D. will need to articulate its vocational education and professional training policies and strategies as part of a larger review by IBRD/IDA and other assistance agencies over the next few years.

Relationship to Agency Needs: Resource constraints are forcing countries as well as A.I.D. to examine more closely alternative financing and administrative options.

Ongoing Project Narrative

Project No: 930-0089

Title: Inter-Agency Research on Early Childhood Education

Appropriation (Funding) Account: 105 (EHR)

Funding: FY 1988 \$50,000, FY 1989 \$50,000

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. Research in developing countries suggests impacts of similar magnitude though through different program interventions. These are only beginning to be studied and understood.

Though A.I.D. policy is cautionary about pre-school education, there is increasing allocation to pre-school activity through PVO support and as components of other projects. This is expected to continue. In addition, programs addressing early childhood needs are expected to increase as the child survival initiatives mature. Anticipating 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.

The Consultative Group on Early Childhood Care and Development provides an effective means to: a) coordinate Inter-Agency activities supporting early childhood education; b) disseminate A.I.D. research and program findings to other Agencies; c) expedite access to the findings of other Agencies; d) obtain expert advice on comparative research and research needs. In January 1987, PPC hosted the Consultative Group meetings in Washington D.C.. At this meeting the Group recognized it had matured from being mainly a forum for Inter-Agency coordination among donors to being a substantive forum led by developing country practitioners. The term Inter-Agency was dropped and it now functions as a research coordination and dissemination mechanism among the major projects and research programs concerned with early childhood care and development.

Participating organizations provide both core support and funding within their own programs for research activities coordinated as part of the Inter-Agency group. UNICEF provides secretariate support and the High/Scope Educational Research Foundation provides technical support. PPC provided a grant in FY 1985 to support operational costs of the Consultative Group over three years and provided additional support in FY 1987.

Project Description: Additional research will be coordinated with the Consultative Group on Early Childhood Care and Development. It is anticipated two grants of \$20-30,000 each will be made annually on subjects such as the following.

One, research on cross-sectoral impacts of early childhood programs, such as inter-relationships between educational services for children and household income, nutrition and health. If research under the theme of family choices for children is undertaken, this topic will be subsumed in the family choices initiative(s).

Two, research to quantify the degree to which inadequate attention to developmental and/or physical aspects in early childhood may lead to wasted resources in the school years. For example, a substantial amount of learning difficulties and consequent failure and dropout may be attributed to undiagnosed and untreated learning handicaps including correctable vision and hearing problems. However, there is almost no data available on the incidence of such problems, the costs of addressing them or the educational costs of not addressing them.

Three, research to clarify the degree to which underage enrollment accounts for grade repetition and dropout in early grades of primary school. Education statistics, previously interpreted as showing high levels of early dropout, may in fact represent underage enrollment with the children repeating the first grade two or more times. One of the effects of organized pre-school activity may be to normalize the age of intake to primary school, thereby facilitating more effective pedagogy and classroom management.

Four, as the number of early childhood and pre-school education projects in the A.I.D. portfolio increases, there is a need for input for policy and for project design drawing on comparative studies and evaluations of programming and implementation issues. The Consultative Group provides a mechanism for studies as needed to support USAID mission initiatives.

Relationship to Policy Articulation: Coordination with other Agencies involved with early childhood care and development will inform policy choices in education and other sectors.

Relationship to Agency Needs: Education and development programs are needed to complement the child survival initiatives. Early childhood programs may be appropriate areas for increased use of local currency and support of PVOs.

Ongoing Project Narrative

Project No: 930-0089

Title: Education and Local Institution Development

Appropriation Account: 105 (EHR)

Funding: FY 1988 \$100,000, FY 1989 \$50,000

Purpose: To examine the impact of local schools on the development of other local 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. Further, there is comparatively little research on the conditions under which parents and community leaders are willing to take initiative in support of local schools. Similarly, there is comparatively little research on the types of schools parents and community leaders are willing to fund and administer.

Education expansion is difficult where local political, financial and administrative institutions are weak or nonexistent and where aspects of infrastructure are lacking. It is also possible that 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.

The policy conundrum to be solved is that a) many communities have too little access and/or do not fully use the available schools for certain groups such as rural girls, b) much of the problem of access and/or underutilization is that there are no schools in proximity to the home and of acceptable quality to the parents, c) qualitative upgrading or improved access requires additional resources which central authorities cannot provide and/or allocate and administer effectively, d) communities cannot be induced to provide additional resources for schools which they do not control, do not use or do not consider to be of acceptable quality and relevance.

More effective involvement of communities is part of what is needed to improve resource allocation and to use available resources more cost-effectively. However, such communities need a variety of support services. More analysis of administrative, logistic and financing options is needed and more attention is needed to the relatively mundane "nuts and

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bolts" aspects of systems management. Financing and delivery systems for the essential minima of instructional materials, including basic texts, and for the construction and maintenance of acceptable school buildings are particularly important.

An issue of emerging priority is how best to provide schooling opportunities for small villages and in thinly populated areas. The small school for the small community, often offering multigrade instruction with fewer teachers than classes, presents a set of staffing, oversight/management, pedagogic and materials design problems which have not been adequately addressed by technical assistance to date. Such schools appear critical to the objective of reaching the last decile or two of enrollment in rural areas and to providing schools in sufficient proximity to the home to overcome parental and cultural resistance to the education of girls.

Project Description: A review of the administrative feasibility of local school financing options was initiated under this project in FY 1986 through a cooperative agreement with Syracuse University.

Research on additional topics will be undertaken on an open competition basis, responding to a general discussion paper on policy issues affecting the feasibility of community schools.

A discussion paper on the major issues facing A.I.D. in considering the feasibility of community school initiatives will be commissioned on a work order basis. The discussion paper will be reviewed within A.I.D., with commentary as necessary, by a project committee representing S&T/ED, and the Regional Bureaus as well as PPC/PDPR. Proposals for further research and analysis will be invited in open competition. The paper and commentary will be provided to all interested researchers and analysts. It is anticipated that most initiatives will be \$30-50,000 and that at least two efforts will be initiated in FY 1988.

Relationship to Articulation of Policy: Research should provide a better understanding of the relationship between education and local institutional development as two separate, but linked objectives. It should allow formulation of policy regarding the importance of attention to local institutions and what they require to take more initiative on their own. Conversely, it should indicate the impact of education on local organizational development, and the importance of education as an integrating mechanism in stimulating local dynamism for development. Further, it should provide guidance on what initiatives might be considered to overcome the barriers to education in small villages, for girls and for other children in communities not served by schools acceptable to parents and community leaders.

Relationship to Agency Needs: Clarification of relationships may help a) to guide Agency policy on inclusion of schools in strategies for rural or urban development, as well as any other activities whose objectives are local organization development and/or increased participation, and b) to overcome barriers to the provision of schools in rural areas and for girls.

On-going Narrative

Project No.: 930-0096 and 930-0082

Title: Nutrition Policy Initiatives

Appropriation (Funding) Account: 103 (ARDN), 108 (HEA)

Funding: FY 1988 \$125,000, FY 1989 \$125,000

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 A.I.D.'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 provides 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 A.I.D. central and regional bureaus (viz., S&T, FVA, AFR, ANE, LAC). 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: This project has been funded for fiscal years 1985, 1986 and 1987. This portion will extend the project another two years. Through this project, technical services will be provided the PPC/PDPR/SP division as needed in the following areas,

Reviewing technical research findings and providing guidance on research needs.

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

Reviewing the nutrition component of the Agency's Child Survival Program and Agency efforts in early childhood development designed to complement child survival efforts.

Providing issues papers on specific topics in food, nutrition, and child survival.

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

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

Relation to Policy Development/Articulation: PPC needs the capability to analyze the implementation of the Agency's policy/strategy on nutrition which is one of the four main interventions in the Child Survival Strategy and to provide further guidance in this area. PPC also must have the capacity to analyze the consumption effects of Agency-funded agriculture programs in order to further Agency goals for increased per capita food consumption and reduced levels of malnutrition.

Relationship to Agency Needs: Nutrition has been a difficult area to establish within A.I.D. programs. As an important component of the Child Survival Strategy and of agricultural policy, it is critical that we provide guidance and assistance centrally and to missions in the area of nutrition.

On-going Project Narrative

Project Number: 930-0082

Title: Health Demand and Financing / Private Sector Health

Appropriations Account: Section 108 (HEA)

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: A.I.D. as a matter of general policy emphasizes efficiency, minimization of government recurrent cost burdens, user financing, and private sector provision of health services. These aspects of Agency health policy need special emphasis since most LDCs view the sector as a public welfare service.

This project would explore approaches for:

- generating information for and improving methodology for cost effectiveness studies for PHC;
- assessing the financial and economic feasibility of various user financing options;
- documenting experiences with and measured effectiveness of various health financing schemes;
- measuring household demand for, utilization of, and expenditures on health services and drugs;
- more systematically examining the role and potential for private sector providers in health;
- examining policy barriers to private sector health market entry; and
- costing out alternative primary health care (PHC) programs.

Background: The dominant theme in A.I.D.'s health services delivery program over the past decade and a half has been testing and experimenting with the primary health care approach. Although PHC is a more workable, lower cost approach to delivering health care and raising health status than is the alternative hospital care, important financial and economic issues have not been adequately examined. Health policy research gaps of greatest priority include the following topics:

- the extent and nature of the demand for health care including the issues of cost, 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. 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.

In FY 1986 PPC funded policy research on the demand for immunization and the affordability of universal childhood immunization in countries at different levels of development. In FY 1987 PPC funded an analysis of A.I.D.-funded private sector health projects and study of alternative private sector approaches to improving health services and outcome through various private sector health financing and delivery mechanisms.

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 data using sophisticated analytical techniques. The project will also explore the feasibility of different options for cost recovery, including prepaid health care and other forms of health insurance, and fees for services. Outputs will include policy analysis and recommendations for policy guidance. The funding will most likely be through a buy-in to the S&T/H Resources for Child Health (REACH) project.

Relationship to development/articulation of policy: Agency policy stresses the need for financially sound health services which are sustainable after external donor support. Only recently has the Agency begun to explore alternative health financing and delivery mechanisms, including private sector approaches to health care, and there is little expertise on the subject within missions. This work will further refine our policy guidance on health financing and private sector health and will provide opportunities for articulating and illustrating our policy.

Relationship to Agency Needs: The project will provide A.I.D. with better information on the costs and financing of health and child survival services, and allow collection and analysis of information not generally available on health, but essential to efficient resource allocation.

New Project Narrative

Project Number: 930-0082

Title: AIDS Policy Issues

Appropriation Account: Section 108 (HEA)

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: To carry out policy-related research on the effect of AIDS on Agency health policy and on other Agency development priorities. This research will provide information for refinement of existing policy, for development of new policy guidance if necessary, and for development of further guidance on design of programs which will best carry out Agency policy on this complex disease.

Background: The AIDS pandemic has emerged in the past few years as the most critical international public health issue of the century. A.I.D. response to the problem has included initial funding of the WHO Special Program on AIDS in FY 1986 at a level of \$2 million; development and approval of A.I.D. Policy Guidance on AIDS in April 1987; and development of a \$14 million program in FY 1987, including a \$5 million extrabudgetary contribution to WHO. It is anticipated that the A.I.D. response in FY 1988 will total close to \$20 million, with additional unknown contributions in future years to AIDS interventions as outlined in the policy guidance.

Since there is currently no known cure for nor vaccination for prevention of AIDS, current Agency policy and programs focus on epidemiological, behavioral and operations research, and on support for training and technical assistance and provision of equipment and supplies to country-level programs designed in conjunction with WHO to prevent and control AIDS transmission. A.I.D. will support efforts including public health education, condom distribution, improving the blood supply, and insuring the use of clean needles and syringes in immunization and other health programs. Some initial attention has been given to the examination of the economic and social consequences of AIDS in A.I.D.-recipient countries. This is an area of relevance for PPC policy-related research because of the anticipated effect of AIDS not only on the health sector, but because of the far-reaching effects of the disease on economies and societies as a whole.

Project Description: The project will support a variety of studies on AIDS issues which are of policy relevance to the Agency. These issues include examination of the technical, economic, political, and social ramifications of the disease. Answers obtained through policy research will provide a sound

basis for policy decisions on health and development issues relating to AIDS. Funding may be channeled through the S&T/H AIDS Technical Support Project and/or through a variety of IQCs, purchase orders, and other existing mechanisms.

Relationship to development/articulation of policy: AIDS is anticipated to have both direct and indirect effects on child survival efforts of the Agency: directly by increasing infant and child mortality due to perinatal transmission; and indirectly by competing with other health programs for scarce resources. AIDS may also have direct and indirect effects on other Agency development programs, including participant training programs, economic reform programs, and other sectoral development programs.

Relationship to Agency Needs: This project will allow PPC to keep on top of policy issues resulting from this fast-moving, evolving field in which A.I.D. needs expert and quick advise on a range of technical and sensitive issues.

## New Project Narrative

Project Number: 930-0082

Title: Aging Policy Issues

Appropriations Account: 108 (HEA)

Funding: FY 1988 \$50,000, FY 1989 \$50,000

Purpose: To conduct research on the demographic, social and economic effects of the aging of populations in developing countries, and to examine alternative means of improving the welfare of the growing number of elderly persons in A.I.D.-recipient countries.

Background: As a result of improved health conditions, increased acceptance of family planning, and general socio-economic development in many A.I.D.-recipient countries, the demographic pattern in these countries has begun to shift. With a higher proportion of people living to reach old age, countries are beginning to confront new issues such as the need for new and broader coverage of social security, health care, and urban housing for the elderly.

These issues are also relatively new to A.I.D., since the focus of development assistance in the past has been largely on issues affecting the other end of the demographic spectrum: issues of child survival, maternal and child health care, and basic education. It is therefore important to examine the policy issues involved in responding to needs of the aging population in A.I.D.-recipient countries. It is also important to analyse the relative impact of alternative investments in programs designed for the elderly and in programs targeted to other population groups.

Project Description: The project will support a variety of studies and policy analyses examining demographic, economic and social changes resulting from the aging of populations in developing countries. Studies supported by this project will also analyse alternative approaches designed to improve the welfare of the aging population. Other studies will examine the relative impact of these programs as compared to programs targeted to other population groups or to programs not specifically targeted to the elderly but which will directly affect the welfare of this group.

Relationship to development/articulation of policy: It is important to establish a basis for development of policy guidance on assistance programs affecting the aging population in A.I.D.-recipient countries. There is Congressional interest in developing health programs targeted to the elderly. The

Agency needs to examine a broader range of issues and to analyse the impact of alternative means of improving the welfare of this population group.

Relationship to Agency needs: The project will provide A.I.D. with a basis on which to develop policy guidance on assistance targeted to the aging population of A.I.D-recipient countries.

On-going Project Narrative

Project Number: 930-0082

Title: Policy Issues in Child Survival

Appropriation Account: Section 108 (HEA)

Funding: FY 1988 \$100,000, FY 1989 \$50,000

Purpose: To carry out research, studies or analyses necessary to address policy issues in child survival which are important to the effective institutionalization of our child survival programs and to the achievement of international goals in child survival

Background: A.I.D. has launched a substantial child survival effort through bilateral programs and also in collaboration with other donors who are active in this area. A.I.D. has made a commitment to contribute to international goals for immunization and oral rehydration therapy. Agency policy states that these should be the initial interventions that will form the basis of more comprehensive primary care systems. A focused nutrition package which includes growth monitoring and birth spacing are the two other interventions which are included in the Agency's child survival strategy. We do not know how the transition from the selective interventions approach to a broader institutionalized service will work nor how, for example, growth monitoring or birth spacing and the other interventions will be linked as a package and sustained. Institutionalization of these efforts is critical to achievement of goals in the short term and also to ensuring that the gains that made in child survival are maintained.

A recent new threat to child survival is AIDS. This epidemic has already had a negative effect on child survival in parts of Africa and will continue to add to child mortality in that continent, as well as in parts of Latin America and the Caribbean. AIDS also threatens to spread to other parts of the developing world where a similar toll on children can be anticipated. It will therefore be necessary to document the effects of AIDS on the Agency's child survival efforts and to explore ways of modifying policy and programs to respond to this latest threat to meeting Agency goals for child survival.

In FY 1986 and 1987 under this project we funded a contextual analysis of various growth monitoring projects to determine what factors are important in enhancing the potential of growth monitoring to lead to nutritional improvements and improved child survival.

Project Description: The project will support studies and/or analyses aimed at policy questions about the institutionalization of child survival. The following is a probable list of some issues:

- public vs. private sector roles in continued provision of ORT and immunization;
- factors in the continued demand curve for immunization;
- linkages between the provision of ORT and immunizations through special efforts and the national health system;
- the relative and combined contributions of ORT, immunizations, nutrition and birth spacing to reductions in child mortality.
- the effect of AIDS on A.I.D. child survival efforts and possible policy and program responses.

Relation to Development/Articulation of Policy: The Agency Health Policy (December 1986) puts primary emphasis on child survival and the Child Survival Strategy details how selected interventions will be supported. The strategy also includes an important emphasis on institutionalizing the services in host countries. This research will contribute directly to the refinement of our policy on institutionalization. The Agency Policy Guidance on AIDS (April 1987) provides the framework for A.I.D. efforts to combat the AIDS epidemic. This research will contribute to refinements in both the AIDS Policy and the Health Policy as it is influenced by the AIDS epidemic.

Relationship to Agency Objectives: A.I.D. has played a central role in getting the need for sustainable child survival efforts accepted internationally. The result of these studies will give the Agency guidance for self-sustaining child survival efforts.

New Project Narrative

Project Number: 930-0068

Title: Client-Oriented Family Planning Services

Appropriation Account: 104 Population

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: To identify strategies to improve the quality of family planning services, and implement current policy focus on family planning choices for individuals and couples.

Background: Under this Administration population policy has put increasing emphasis on the rights of individuals and couples to choose the number and spacing of their children, and on providing access to a range of safe and effective family planning methods to facilitate client choice. PPC has identified little programmatic response to this policy initiative. While other policy areas (for example, private sector, child spacing for health) have had programmatic changes, the area of "improving choices for clients" has not led to programmatic action. PPC believes that programs vary a great deal in how well they provide choice and how well services are designed to fit client needs. Especially under current policy, programs should be seeking to maximize quality of services based on client needs.

Project Description: This research study will identify and describe programs which have successfully introduced improvements in client-oriented services. The study will identify key factors in a client-oriented service system and the strategies of improving them.

Barriers to improving service quality are believed to vary across cultures. For example, in some countries the perception of female clients by male service providers is a major barrier to improved communication, choice and appropriate services. Because cultures vary, the research will take the form of case studies in 3-4 countries, each representing one area.

Research will emphasize features which can be improved such as

- client-oriented supervisory systems
- expansion of a range of methods
- improved counselling
- modification of provider attitudes towards clients

Output will be a set of 3-4 case studies, which outline the features of a client-oriented service system and how these features may be maximized.

Relation to articulation of policy: By identifying programmatic features which exemplify what we mean by creating choices for individuals and couples, PPC will encourage missions and cooperating agencies to better implement current population policy. The research helps programs respond to current policy and shows them what can be done to make services more responsive to client needs and choices.

Relationship to Agency Needs: Successful projects will be selected with assistance from the Population Sector Council and Regional Bureaus. By giving publicity to successful programs, PPC will help missions to give guidance to their own programs and projects.

New Project Narrative

Project Number: 930-0068

Title: Private Sector Approaches to Family Planning

Appropriation Account: 104 Population

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: To analyze policy issues arising from private sector family planning programs and provide guidance to the Agency relating to use of the for-profit private sector and private sector techniques in distribution of family planning services.

Background: The Agency has increasingly emphasized the use of the private sector in its development programs. In population this emphasis has led to two encouraging and successful approaches: 1) Social marketing -- the use of private sector marketing techniques and private retail networks for product distribution, and 2) Encouragement of the for-profit private sector in distribution of family planning services.

PPC needs to anticipate policy issues arising from these projects and provide guidance as these approaches become a greater part of our program.

A number of issues need to be examined now:

1. Social marketing projects are highly subsidized. What are the Agency plans for divestiture? When and how should these programs be encouraged to recover more of their costs?
2. How do we assure that products sold over the counter are accompanied by information on choice and safety?
3. What is the appropriate division of labor between private sector and subsidized services? How can both be encouraged? What guidance can we give missions about relative allocation of resources?
4. While A.I.D. encourages freedom of choice in family planning methods, private industry in the U.S. has been reluctant to invest in product development and marketing because of product liability. How does this issue affect choices A.I.D. will be able to provide overseas, and what can we do about it?

Project Description: This project will commission a study to look into these issues. The study will be carried out by a team of experts in social marketing, financial planning, institutionalization, and product liability. The team will

review the Agency's current and planned portfolio, examine case study material and provide recommendations to PPC on the topics outlined above.

Relation to Development of Policy: The report is expected to provide policy guidance in a new area of program development where policy issues will arise in the next years. Analysis conducted now will facilitate our ability to respond to these issues.

Relationship to Agency Needs: This project will be conducted with the cooperation of missions and will provide them with guidance to assist in project design and overall resource allocation.

New Project Narrative

Project Number: 930-0068

Title: Economic Development and Population Growth

Appropriation Account: 104 Population

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose Provide clarification of the relationship between high rates of population growth and economic development. This project will contribute to a greater understanding of the economic rationale for our population assistance and provide guidance for appropriate interventions to achieve economic development.

Background There is a continuing need to examine linkages between economic development and population growth. Because this relationship has traditionally served as a major rationale for the population program, A.I.D. should actively participate in this research.

During the last few years there has been controversy over the impact of high rates of population growth on development. PPC does not want to engage in ideological debate, but would like to participate with the scholarly community in some carefully designed studies to investigate the effect of reduced population growth on national economic growth, economic well being of the family, education and human resources and the environment.

There is also a need for workshops and seminars to assess what can be learned from these case studies and from concurrent research carried out by independent scholars.

Project Description: This project would provide funds for a series of studies and workshops aimed at advancing our understanding in the area of economic development and population growth in developing countries.

The organization selected for this award will be responsible for subcontracting a series of studies pertinent to the overall topic. The organization will conduct workshops and seminars to promote collaboration and exchange among researchers and policy makers.

Topics of particular emphasis are:

-- The impact of fertility reduction on the economic welfare of the family

-- Impact of successful family planning programs on the economies of developing countries

-- Role of market mechanisms in responding to population pressures in developing countries.

-- Relationships between population growth and environment in Africa.

Relation to development of policy: These studies are expected to have important implications for Agency population policy, affecting overall priorities and levels of commitment to population activities.

Relationship to Agency needs: This project concerns overall U.S. assistance policies in the area of population. These politically sensitive policies are not a major concern of S&T or the regional bureaus. The lack of involvement by other bureaus constitutes the primary justification for PPC involvement.

On-going Project Narrative

Project Number: Multiple

Title: Family Choices for Children

Appropriation Account: Multiple

Funding: FY 1988 \$40,000, FY 1989 \$40,000

Purpose: To examine the factors contributing to families' decisions to take action to improve the quality of life of their children. These actions include making use of newly available services for child survival, particularly immunization, oral rehydration therapy (ORT), child spacing and improve nutritional practices and also options for child care and early childhood development.

Background: A.I.D. and other donors are putting high priority on child survival, specifically the provision of selected technological interventions. A.I.D.'s goal is a significant impact upon the survival and health of children in developing countries. We know that the effectiveness of these efforts depends upon the choices families, particularly women, make for their children. Such choices depend not only on the availability of services, but also on the aspirations that families have for their children and what they believe is within their capability to do for their children in order to achieve these goals.

Little research has been done regarding how and in what context families, and individuals within families, make decisions concerning the allocation of resources (both time and money) necessary to take advantage of new services. A.I.D. has funded some research on "positive deviance," to examine means by which low income households avoid malnutrition with their existing resources and practices. The study of "family choices", which implies selection and acceptance of new ideas, approaches, and technologies for child survival, has not been systematically studied. Considerable resources and human effort have been invested in the development of technologies for improving the survival and prospects of children and for delivering these technologies. However, there is inadequate understanding of the perceptions families have of what they can do for their children and how to achieve their goals.

Project Description: In FY 1986 PDPR funded phase I of this project which is the development of a conceptual framework and research methodology for examining these questions in relation to field programs through an unsolicited proposal from the International Center for Research on Women (ICRW). Phases II and III are: II. data collection in several field sites to

test the hypotheses developed in the first phase, and III. refinement of the model and identification of research, policy and program implications. Due to the exploratory nature of the work and at the same time its potentially important implications for policy and programming, we decided to support only Phase I in FY 1986. The basis of this review and the expanding number of researchers and research organizations interested in the topic, it was decided to issue an open competition for Phase II research. The report of Phase I has been received and was used as the basis for a research workshop in FY 1987.

Relation to Policy Development/Articulation: The Agency has a new health policy and a child survival strategy and has also committed a contribution to the achievement of international goals for child survival. We do not have adequate information about the demand, acceptability and continued use of the new child survival technologies to provide further policy guidance on the implementation of our child survival programs.

Relationship to Agency Needs: A.I.D. needs to be sure that the child survival goals to which we are committed can be achieved and that these gains are sustained.

On-going/New Project Narrative

Project No.: 930-0086

Title: Human Rights and Democratic Initiatives

Appropriation Account: 106 (SDA)

Funding: FY 1988 \$495,000, FY 1989 \$410,000

(NOTE: Specific activities and funding listed below)

Purpose: To encourage increased adherence to the political and civil rights of developing country citizens through support for building of institutions which promote human rights and uphold democratic principles.

Background: Section 116(e) of the FAA authorizes A.I.D. to use not less than \$3 million to implement programs and activities to enhance increased adherence to civil and political rights. Since the inception of this program in 1977, in compliance with Congressional intent, A.I.D. has treated the \$3 million as a minimum figure, not a ceiling. In FY 1987 the Agency human rights and democracy program totalled approximately \$4.3 million; in FY 1988 the A.I.D. total is again expected to be \$4.3 million.

In Fiscal Years 1988 and 1989 PPC will continue its research and technical assistance program to support the establishment of democratic institutions and strong, independent legal systems. Equally important, PPC will continue providing assistance to non-government-affiliated indigenous, regional and international human rights institutions which cover a broad range of human rights issues. In FY 1987 P DPR assisted in the development of an international human rights data base; in conjunction with the LAC and ANE bureaus, provided technical election assistance in Central America and the Philippines; contributed funding for Third World participation in international human rights and democracy-building research seminars; and supported an evaluation of the Agency's human rights activities to date in Asian countries.

The A.I.D. Coordinator for Human Rights and Democratic Initiatives coordinates the worldwide Section 116(e) program, as well as monitors all Agency democracy initiatives, assuring the Agency meets its minimum target. The proposed \$495,000 FY 1988 human rights OYB will fund the activities below and will, to some extent, support A.I.D. regional human rights programs.

Project Description:

(1) Human Rights Research and Development - FY'88: \$110,000;  
FY'89: \$50,000

PDPR will continue its support of activities which assist in promoting greater awareness of and adherence to the observance of human rights. These programs have been the mainstay of the A.I.D. human rights fund since its inception.

(a) Human Rights Symposium: In FY 1987 PDPR supported Third World participation in the Eighth Annual Human Rights Symposium at Columbia University. Since this year's topic was the role of constitutional development in guaranteeing observance of social and political rights, the symposium was a particularly appropriate activity through which A.I.D. could contribute to the celebration of the bicentennial of the U.S. Constitution. PDPR will continue its support of Third World participation in this annual conference and research symposium in FY 1988. Initial cost estimates are \$50,000.

(b) Freedom of the Press Seminar: In FY 1988 PDPR will also work toward developing a "Freedom of the Press" seminar in Africa and/or possibly Asia. There has been some interest in this topic from several countries. If carefully planned, such an activity could be productive precisely because it would bring together journalists and others from both countries which have a free press and those which do not. A preliminary survey of the results of past activities in this area, as well as the careful selection of participating countries and representatives to the conference, will be essential to a successful seminar with a lasting impact, and one which will not degenerate into useless discussion and diatribes against the media. \$60,000 is budgeted for this project.

(2) Participatory Democratic Institution Building - FY'88:  
\$160,000; FY'89: \$110,000.

PDPR will continue to build on the Agency's program of participatory democratic institution-building to strengthen democratic institutions world-wide. This activity has four components, concentrating A.I.D. resources in strengthening legal institutions in Africa, promoting democratic development in Latin America and the Caribbean, promoting legislative development in Asia and world-wide enhancement of democratic values, such as an ASEAN conference focusing on the role of constitutional democracies vis-a-vis economic development. The following four components are individually addressed.

(a) Administration of Justice in Africa. In FY 1987 the AJ program was initiated in Liberia where AFR human rights funds provided basic legal and human rights documents and texts for the National Law Library. The A.I.D./State Human Rights Working Group for Africa agreed that a coordinated effort is needed to efficiently develop and manage an AJ program on a regional basis. In FY 1987 PDPR supported a preliminary effort to determine the most pressing needs and areas of immediate concern.

In FY 1988 and 1989 PDPR will continue its support to this program through buy-ins to the AFR human rights program by providing country specific assistance in the legal area, i.e., magistrate, legal professional and para-professional training; provision of basic equipment for courts and legal libraries; publication and distribution of legal rights pamphlets and texts; development of national charters and constitutions, etc. PDPR buy-in project costs are anticipated at \$70,000, and the availability of an "8-A" firm is being explored.

(b) LAC Democratic Leadership Training Seminar: PDPR will continue to build on the Agency's activities which promote democratic development in selected countries in Latin America and the Caribbean.

In FY'87 PDPR supported a leadership training Institute for prospective LAC democratic leaders near Tegucigalpa, Honduras. Topics covered included: the political economy of Central America; obstacles to growth; and the infrastructure of democracy [i.e., judicial due process--the backbone of human rights].

In FY'88, PDPR envisions support for similar activities and/or follow-on activities to the FY'87 Institute. Several different potential grantees have expressed a desire to undertake these activities, which include: seminars covering a broad range of topics for specific or broad-based participants; publication of topics relevant to democracy for wide disbursement; training institutes for legislatures; programs focusing on basic human rights, such as freedom of the press; and, educational and training programs for political and civic democratic leaders. PDPR will fund \$40,000 toward project activities in FY'88.

(c) Legislature Development Training Institute. Since the election of Corazon Aquino as the President of the Philippines, the Agency has pledged increased assistance in efforts to undergird the new government and assist in economic recovery and democratic development in that nation.

Toward that end, following the Philippine Constitutional referendum and congressional elections, in FY'87 PDPR supported a program which enabled four key Philippine Congressional

staffers to visit the U.S. Congress to meet with Congressional leaders to review internal administrative structures. The similarities between the two Constitutions and role of the legislature enabled the delegation to learn from the American experience, and apply certain aspects to their own Congress.

In early FY'88, PDPR plans to build upon this project with an ANE buy-in for a project which will finance a training institute patterned after the Harvard Kennedy School of Government Institute for U.S. Congressional leaders. The program will instruct newly-elected members of Congress about the inner-workings of Congress, the role of the legislature vis-a-vis the other branches of government, and the importance of civic participation in government. PDPR's buy-in is budgeted at \$40,000 for FY'88.

(d) Bicentennial of the Constitution Activities. As part of A.I.D.'s legislated mandate to participate in Bicentennial of the Constitution activities, PDPR will continue to support efforts which highlight the Bicentennial and promote democracy. In FY'87, PDPR coordinated all relevant Agency activities, which included a celebration of the Year of the Americas; made available a speech on democracy to be delivered by the Administrator; and encouraged the Missions to undertake appropriate activities.

In FY'88, PDPR is planning on a \$40,000 buy-in to an ANE project for an ASEAN constitutional conference, scheduled for February, 1988. Topics to be discussed include: constitutional guarantees and human rights; the legislative process and executive power; the role of judicial review; civilian supremacy; the citizen role in making constitutional government work; and, economic development and constitutional government.

(3) Structural Electoral Assistance - FY'88: \$225,000;  
FY'89: \$250,000.

Moves toward more democratic systems of government in the world, particularly in Latin America, are now a decade-long trend that have led to the replacement of numerous dictatorships and military regimes. In the United States during the same period, belief in universal civil and political rights, the sanctity of the ballot, and the defense of freedom have led to a strong bipartisan consensus advocating support of democracy as a key principle of U.S. foreign policy. This consensus, furthermore, holds that progress toward democracy is no more clearly evidenced than through the electoral process.

A parallel growing trend is that, as nascent democracies embark upon an electoral process, they have increasingly turned to the United States for technical electoral assistance, typically at

the last minute. Urgent requests for electoral assistance have proven to be the norm as governments belatedly realize the costs and breadth of technical and human effort necessary for the effective implementation of an election.

Two components of the Agency's structural electoral assistance are the mainstay of the program's efforts: to assist and promote free and fair elections in individual nations (upon request) by providing technical electoral assistance, and to establish a more responsive and efficient mechanism to comply with requests for technical electoral assistance. To facilitate the strengthening of these components, PDPR envisions the following two activities:

(a) Program of technical electoral assistance. During FY'86 and FY'87, PPC supported Phases I and II of a program of election assistance designed to strengthen democracy around the world by improving the structural electoral capabilities of nascent democracies. In FY'88, PDPR proposes to support the third and final phase of the project by establishing a permanent entity, the International Foundation for Electoral Systems. The Foundation will provide electoral assistance through a trained group of election specialists and through ready access to comprehensive, computerized election data in response to requests from A.I.D., international private organizations and other nations. Phase I covered the research and planning for the project; Phase II established the permanent organization and completed the Latin American/Caribbean data base. Phase III activities will involve the recruitment of election specialists and will complete the world-wide regionalization and categorization of the data base. It is anticipated that \$150,000 will be required for essential start-up costs.

(b) Public Diplomacy/election assistance. During FY'87, various foreign governments made urgent requests to A.I.D. for election assistance. Recognizing the importance for free and fair elections, particularly in nascent democracies where in many cases the majority of their populations have had no direct experience with voting, PDPR continued it's program of supplying information on technical election assistance, upon request to certain nations.

In FY'88, PDPR envisions support for a training seminar in Haiti, focusing on civic and electoral education, and the importance of representative government. The seminar will bring together various Haitian groups including civic, political, religious and government leaders. In Chile, where national elections are currently anticipated in early 1989, a variety of potential projects are currently under discussion. These include: support for an independent commission for free elections, civic education training, technical electoral

assistance, and increased funding for the American Institute for Free Labor Development, or other potential grantees. Project costs will total \$125,000.

Relation to development and/or articulation of policy:

PPC-sponsored human rights research, development and evaluation projects are expected to have important implications for the types of activities which will be funded under the regional Administration of Justice, human rights and legal training, and election assistance programs to most effectively and appropriately promote increased adherence to civil and political rights and encourage the development of democratic institutions.

Relationship to Agency Needs: The PPC Human Rights Program is closely coordinated with regional bureau activities. PPC oversees the Agency human rights and democracy program, often encouraging regional activities through a cost-sharing approach.

On-going Project Narrative

Project Number: 930-0092

Title: Financial Markets Policy Studies

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1988 \$175,000, FY 1989 \$150,000

Purpose: To provide A.I.D. with information necessary to increase its understanding of, and improve its policies on, financial markets development. This research will continue an examination of the structure, operations, and policies of financial markets and develop policy approaches that can be utilized to forge strong linkages between local and foreign financial markets.

Project Description: Two major impediments to economic growth in many LDCs are the presence of weak indigenous financial markets and institutions and the poor correspondent or other relationships with foreign financial markets. LDC policies (including those related to foreign ownership and investment codes) and inadequate knowledge of comparable institutions in other countries often limit the extent to which LDC financial institutions can participate in international capital or equity transfers. Building upon the FY 1987 PPC study on equity markets, the first issue to be studied this year will focus upon the lack of integration between developed country and LDC financial markets. Policy approaches that can be utilized to forge strong linkages between local and foreign financial markets will be examined.

Relation to Development and/or Articulation of Policy: The development of strong and self-sustaining financial markets operating within a free market will help to promote sustained economic growth, which leads to increased standards of living. It is important to develop LDC financial markets to help to facilitate access to international capital and make a country's financial system and its political and economic environment more stable. Similarly, the opening of markets to foreign direct investment provides ways for LDCs to diversify their economies and increase their capital inflows. This research will help to expound on the various policy issues raised in the policy papers on Trade Development and Financial Markets Development.

Relationship to Agency Needs: The results of this research will assist A.I.D. in (a) developing policy approaches to financial markets development and investment policy and (b) designing programs that encourage greater domestic and foreign investment in LDCs.

On-going Project Narrative

Project Number: 930-0092 and 930-0096

Title: Privatization Policy Studies

Appropriation (Funding) Account: 106 (SDA) 103 (ARDN)

Funding: FY 1988 \$210,000, FY 1989 \$110,000

Purpose: To continue PDPR's research on privatization and public/private issues so that assistance and policy development will continue to be available to Missions and host governments interested in privatization and an increased role for the private sector in economic growth.

Background: PDPR has been the Agency leader in sponsoring state of the art research on privatization and public/private issues for over five years. To ensure that PDPR's research is conducted effectively and is relevant to Agency needs, we need to examine issues that have arisen and been sources of controversy during the project and program review process. PDPR's research will aim to provide the latest information and develop policy approaches on these subjects.

Project Description: The research will continue PDPR's research in the field of privatization and private enterprise development. The major research topics are discussed below.

The first component of this research will be the initiation of a new Technical Economic Specialist in Privatization contract that will focus on identifying a series of specific problems and issues in privatization (political and institutional, employment and labor displacement, and financing) and techniques for dealing with these issues. Field workshops on these issues and techniques will also be conducted.

The second component will examine policy approaches for privatization and deregulation of marketing boards and the financial/banking sector. Agriculture and finance represent the two most important sectors in A.I.D.'s private enterprise initiative and therefore, present the greatest obstacles to and opportunities for the success of A.I.D.'s privatization initiative.

In addition to the topics that have been specifically identified, and in keeping with our aim of keeping PDPR in the forefront of the field of privatization, flexibility is needed to add to or amend subjects as trends and needs of Missions and host governments change.

Relation to Development and/or Articulation of Policy:

Privatization is an important part of A.I.D.'s private enterprise initiative. As the Agency continues and intensifies its efforts in this area and implements the privatization policy guidance in PD-14 and the Private Enterprise Development Policy Paper, the results of this research will help field Missions fulfill their privatization objectives.

Relationship to Agency Needs: The results of this research will enable A.I.D. to keep its policy and program advice to developing countries current and in accord with their demands and needs. As such, it will inform and enhance our policy dialogue and technical assistance.

New Project Narrative

Project Number: 930-0097

Title: Incentives for Natural Resource Management

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1988 \$100,000, FY 1989 \$100,000

Purpose: The purpose of the project is to collect information on the current generation of projects, funded by A.I.D., other donors and by host countries, about the policy frameworks underlying the successes or failures of initiatives in natural resource management.

Background: Recently, specialists in the field of natural resource management and the environment have begun to emphasize the importance of understanding the relationships between economic, social and legal incentives and resource management decisions. In 1984, a paper entitled "Fuelwood, Agro-Forestry, and Natural Resource Management: The Development Significance of Land Tenure and Other Resource Management/Utilization Systems" was prepared for PPC/PDPR. The paper made two major points: 1) that natural resources should be considered aspects of larger systems that include human relationships and institutions; and 2) that there is an array of incentives and disincentives to manage and utilize the resource base in a sustainable manner, which include these relationships and institutions. The paper, based on a literature review, presented eighteen hypotheses for field validation.

Project Description: The project will explore the relationship between various kinds of incentives and environmentally sound behavior in two ways: 1) sponsoring a policy studies program on environmental management; and 2) testing a set of the hypotheses developed by the earlier PDPR-funded paper at selected study sites.

Both efforts will emphasize the policy and regulatory environments necessary for successful interventions. The policy studies will examine economic incentives and disincentives influencing the rational use of natural resources including forests, soils, water and so forth. The case studies will look at selected on-going natural resource management initiatives in LDCs, whether donor-funded or not, and will use a cross-cutting set of characteristics to allow for comparison among successful projects and problem projects, different technical approaches, etc. Each case study will consider the entire system in which the particular intervention is placed, in order to understand the exogenous factors which underly

project success or failure. Outputs will include a detailed plan of study to ensure that all variables are included, one report for each case study and a summary report drawing generalizations and guidance for future efforts.

Relation to Articulation of Policy: It is becoming increasingly clear that technical interventions alone are inadequate to ensure that individuals will plant more trees, manage the range, maintain irrigation schemes, engage in soil conservation activities and undertake other actions to use resources in a sustainable manner. There are also signs that host country governments in LDCs are aware of this problem and have altered the rules of the game in various ways to improve the chances of project success. These alterations are recent, and not well documented in the literature. Documenting such changes and drawing generalized guidelines for other LDCs that may wish to provide similar incentives to their citizens will further A.I.D.'s ability to conduct policy dialogue on a range of issues including environment, private enterprise, rural development and decentralization.

Relationship to Agency Needs: Each regional bureau, and the Science and Technology Bureau, have made significant investments in natural resource management projects that are heavily reliant on technical solutions. Very few of the projects treat the problem of environmental degradation from a systems perspective. Even fewer attempt to bring about policy reform (e.g., in land tenure, tree tenure, taxation, and marketing) with their interventions. The case studies and summary document will provide some examples that regional bureaus and missions can adapt as they begin to design the second generation of natural resource management projects.

New Project Narrative

Project Number: 930-0097

Title: Biodiversity Policies: Integrating Concerns for Biodiversity Into Agency Environment and Natural Resources Strategies

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1988 \$25,000, FY 1989 \$50,000

Purpose: The purpose of this project is to 1) provide advisory service to PPC/PDPR as it develops Agency strategies for preserving diversity, and 2) identify future events which may affect diversity and provide insight into how efforts to preserve diversity should adapt to those events.

Background: Biologists now believe that the Earth's biological diversity is being reduced at a rate greater than the rate at which species evolve. Most scientists and conservationists believe that the problem of species loss has reached crisis proportions, with potentially significant global consequences. Possible consequences include billions of dollars in crop losses, loss of potential medicines (25% of all prescribed drugs in the United States are derived from plants), and changes in weather patterns and the global climate. Consequently, the public has become increasingly concerned about diversity. In response to this concern, and in an effort to take the lead in this area, A.I.D. has funded a wide variety of projects with a specific focus on preserving biodiversity. This important start can be made more effective if these projects are put in the framework of a coherent strategy with well defined goals. This project is an effort to provide such guidance for present and future biodiversity activities.

Project Description: 1) The initial step in developing an Agency strategy on biodiversity will be accomplished through a three to four day workshop including the environmental officers in each regional bureau, the Agency Environmental Officer, appropriate representatives from PPC and S&T, and experts in conservation biology and project implementation. The output of the workshop will be a statement of goals, priorities, and criteria that can be used by bureaus in allocating resources for preserving diversity and by PPC in developing Agency policy. The workshop will also address research priorities in this area, including relevant policy research. Research needs thus identified will be funded under this project where appropriate. 2) Future events which may significantly affect diversity will be explored by supporting research which examines certain long term trends that could significantly

undermine the validity of our basic assumptions on how best to preserve biological diversity. This includes evaluating new ecological theories, the possible consequences of the greenhouse effect on currently accepted park structure and size, or the effects of acid-rain or other adverse climatic events which could endanger preserves in critical regions. The output of such studies will be papers which describe important trends and that identify issues which warrant further attention.

Relation to Articulation of Policy: As A.I.D. expands its efforts to preserve biological diversity, it becomes increasingly important to put in place a coherent strategy or policy to guide allocation of limited resources. Likewise, it is imperative to anticipate, and incorporate into Agency policy, changes in emphasis and priorities as greater knowledge is gained in successful methods of preservation.

Relationship to Agency Needs

Each regional bureau, as well as S&T, will make increasingly significant investments in preserving biological diversity. Currently, these investments are generally made on a case by case basis with no clear overall or broad objective defined. This project will provide policy guidance to the bureaus on how to prioritize biodiversity activities in order to achieve well defined goals with available funds.

New Project Narrative

Project Number: 930-0091

Title: Self-targeting Food Aid

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1989 \$140,000

Purpose: To examine the conditions under which the use of self-targeting food commodities is an appropriate and cost-effective mechanism for distributing food aid to the poor.

Background: A principal objective of food policy in most developing countries is to develop a healthy and dynamic food economy in such a way that the process does not starve the poor in the short run and offers them expanded job opportunities in the long run. There are a range of approaches governments use to assure both efficient food production and equitable (needs oriented) food distribution. These approaches include the unregulated private market, open market sales of public food stocks, ration or "fair price" shops which sell food at subsidized prices, food stamp programs, and the use of self-targeting food commodities. Self-targeting commodities have a high income elasticity of demand among poor people but a low or even negative income elasticity of demand among wealthier groups. Therefore, these commodities will be used in proportionally greater amounts by low income groups; they are self-targeting because purchasers of the commodities automatically tend to be lower income consumers.

Project Description: A typology of alternative food aid distribution systems will be developed. A survey (or inventory) of all countries which have used the self-targeting commodity approach will then be undertaken. Finally, food aid distribution programs will be examined in up to six countries, including possibly Egypt, Sri Lanka, Bangladesh, and Mauritania with a view to understanding the conditions under which modified market mechanisms for food aid distribution operate most cost-effectively. These actual case study illustrations might be replicable in other countries.

Relation to Development and/or Articulation of Policy: A.I.D.'s "Food Aid and Development" Policy Discussion Paper (July 1981) indicates that various modified market mechanisms may be appropriate vehicles for distributing food to the needy at minimum cost. The conditions under which this policy is operable need to be explored and conveyed to field missions, especially in many sub-Saharan African countries which are recipients of substantial quantities of food aid.

Relationship to Agency Needs: The report will assist the Agency manage one of its principal assistance resources, food aid, more effectively.

New Project Narrative

Project Number: 930-0091

Title: Dryland vs. Irrigated Agriculture

Appropriation (Funding) Account: 103 (ARDN)

Funding: FY 1989 \$100,000

Purpose: To identify and quantify the potential trade-offs between investments in dryland agriculture and irrigated agriculture.

Background: Increasing dependence for adequate food supplies must be placed on dryland areas in the future, particularly in Africa. This is due to (a) rapidly increasing populations which are expanding into dryland areas; (b) extensive livestock grazing on dryland areas; and (c) the fact that irrigated lands must be used primarily for export and high value crops (such as cotton and dairy) rather than cereal grains which may not provide an adequate return to the investment in irrigation.

The need to address the issue of trade-offs between investments in dryland and irrigated agriculture arises in the context of the following considerations:

- the cost of irrigated agriculture (and the absolute limits on total water supplies) is large and increasing;
- the balance of payments requirements of LDC governments are large and increasing, thereby necessitating improved export performance.

Project Description: This project will estimate the economic returns to investments in alternative production systems. The working hypotheses are: (a) for the major food crops, returns will be greater on dryland than on irrigated land; and (b) rural employment will be greater as a result of investments in dryland agriculture compared to investments in irrigated agriculture. An examination of these relationships will require data on (a) existing food production potentials; and (b) existing land utilization patterns.

Relation to Development and/or Articulation of Policy: A.I.D. has no policy on investment in research to improve yields of dryland crops as an alternative to investment in irrigation. This research will help develop Agency policy in this area.

Relationship to Agency Needs: An understanding of the potential trade-offs between these two basic types of production systems is particularly germane to countries in sub-Saharan Africa.

New Project Narrative

Project Number: 930-0092

Title: Reduction of Subsidies and Political Stability

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1989 \$75,000

Purpose: To gain further insight into the relationship between political stability and consumer subsidies, with special reference to food subsidies. It will help to determine when and under what circumstances a reduction in subsidies gives rise to political disorders, and provide guidelines for avoiding such disorders.

Background: There have recently been a number of inquiries on this subject, but none presents a satisfactory answer to the relationship between subsidies and political discontent. Sometimes the reduction or elimination of subsidies on basic foodstuffs has not created a mass political reaction; in other cases reaction was strong enough to provoke possible overthrow of a regime. Our efforts in the area of policy dialogue would be helped if a correlation could be established between subsidy reduction and political reaction.

It appears that there may be a relationship between popular confidence in a regime and acceptance of subsidy reduction but no convincing evidence of this has yet been presented. 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, are needed to determine 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. Field research, based on selected examples of past effects of subsidy reduction and on planned future reductions, would also be necessary.

Relation to Development and/or Articulation of Policy: Agency policy opposes both consumer and producer subsidies. LDC governments, however, may be opposed to removing (or even

reducing) existing consumer food subsidies because of their political sensitivity. The Agency needs to be in a better position to articulate not only the desirability of reducing food subsidies, but also the political feasibility of doing so.

Relationship to Agency Needs: The research is needed to implement existing Agency policy on policy dialogue.

New Project Narrative

Project Number: XXX-XXXX

Title: Technical Support for MDB Environmental Review

Appropriation Account: 106 or 103

Funding: FY 1988/89 \$--

Purpose: The purpose of this project is to provide advisory services to PPC/PDPR for its expanded role in reviewing the environmental impact of projects funded by the multilateral development banks.

Background: Legislation passed in each of the last two years, greatly expands the responsibilities of A.I.D., State, and Treasury for strengthening the environmental performance of the multilateral development banks and for reviewing the environmental consequences of projects funded by the banks. To date, this review has relied on information provided by A.I.D. field missions and U.S. embassies through the early project notification process, supplemented at times with information provided by interested environmental organizations. In an effort to increase the effectiveness of the USG review, A.I.D. has hired a full time staff member to oversee the process. This project will provide the services of outside consultants to the A.I.D MDB environmental review coordinator.

Project Description: Contractors will be used to perform the following tasks:

1. Review environmental guidelines/checklists developed by the World Bank and each of the regional development banks assessing the adequacy of these guidelines and highlighting major omissions or possible problem areas.
2. In consultation with State and Treasury prepare a draft set of guidelines which could be used both by the USG and other member governments in reviewing environmental aspects of MDB projects. Assist in preparing background papers for the USG to use in discussions with the OECD (Environment Committee and the DAC) in discussing MDB environmental performance and ways to improve their environmental performance.
3. Assist PPC/PDPR in reviewing a sample of projects proposed for funding by the MDBs. This may involve developing scopes of work for the necessary environmental studies which may be required for typical bank projects in the areas of: Agriculture and Rural Development, Penetration Roads, Dams etc. .; consulting with host country governments, NGOs and local citizens groups; and developing standards for monitoring the

implementation of mitigation measures proposed in initial project designs.

4. Study several typical upcoming MDB projects to assure the environmental soundness of these projects considering alternative designs, mitigation measures which may be necessary etc.

5. Consult with experts from US environmental organizations and scientific organizations to develop background materials for use by the US government, and other interested parties, in reviewing projects in particularly sensitive ecological areas.

Relation to Articulation of Policy: The work expected to be performed under this project will directly assist A.I.D. and other U.S. agencies in meeting the requirements imposed by the Special Foreign Assistance Act of 1986 (Section 539). Indirectly it will provide valuable guidance for A.I.D.'s own efforts to strengthen its environmental assessment procedures and to promote effective natural resource management techniques.

Relationship to Agency Needs: This project directly supports a legislative requirement.

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