

Annual Budget Submission

FY 1986

POLICY DEVELOPMENT AND PROGRAM REVIEW
BUREAU FOR PROGRAM AND POLICY COORDINATION



JUNE 1984

Agency for International Development
Washington, D.C. 20523

FY 86 ANNUAL BUDGET SUBMISSION
Office of Policy Development and Program Review
PPC

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JUNE 1984

SECTION I

FY 86 ANNUAL BUDGET SUBMISSION

ACTION PLAN

Office of Policy Development and Program Review
PPC

Introduction

The size and nature of PDPR's annual budget is unusual in A.I.D. Consequently, this Annual Budget Submission diverges somewhat from the general Agency guidance since it serves as an Office CDSS, ABS and preliminary presentation of each item in the proposed portfolio. The first section presents the Office Action Plan and describes the strategic objectives which will be achieved through implementing the portfolio. The second section provides the required budget and accounts information. The third section contains preliminary descriptions of the individual activities proposed for FY 85 and FY 86. Finally, the last section rank orders the activities within the level specified in the FY 85 CP.

Section I Office Action Plan

The long and short range strategic objectives of PDPR were described in our FY 85 ABS. Briefly, the long run objectives were to engage in research, studies and selective program initiatives to support the Agency's policy development, articulation, and implementation process. The near term objectives were to direct our efforts at the following generic issues:

- o Clarification of the roles of the private sector and the public sector.
- o Institutional development and improving organizational efficiency.
- o Understanding the relationship between economic stabilization and growth.

In addition, PDPR will continue its research efforts in key sectors in which the Agency has a long standing interest and a leading policy role. These are as follows:

- o Food and Nutrition.
- o Population (including 104d).
- o Education.

- o Special issues of Environment.
- o Energy and Natural Resources.
- o Human Rights and Refugees.
- o Economic Analysis related to project design.

Policy Development Objectives - Our program for FY 86 and the immediate out years continues to support these objectives. However, more of our activity in the traditional sectors of agriculture, health, population, etc. will be oriented toward the three primary interests of the Office.

Activities in Support of PDPR's General Objectives - In support of the key PDPR themes, we plan to continue and strengthen activities started in FY 84 and earlier in such areas as pricing and recurrent costs and the determinants of institutional development. In particular, in FY 85 and 86 we will continue to fund an activity to assist the USAID's deal with the problems associated with denationalization and divestiture of parastatals. We will continue to investigate the market demand and finance of health and family planning of education finance and the role of private schools. We will also continue our Social and Institutional Profiles (SIP) program that has been the vanguard of the Agencies institutional development.

We will start an investigation into the appropriate use and effectiveness of social marketing. We will start analyzing incentives for agribusiness and the constraints to the development of competitive markets in agriculture. We will start a program to assist missions to rapidly assess selective constraints on the indigenous private sector. We will start a series of studies to understand the determinants of institutional change which can be influenced by donor assistance.

Each of the above have been suggested to us from our current portfolio activities or our project/program reviews. For example:

- o Parastatals and Denationalization - In late FY 82, we realized that the strong Agency interest in developing the private sector in LDCs had not been balanced by a careful consideration of the issues related to reducing the role of parastatals. In FY 83 we undertook a small investigation of the issue and learned that there is surprising interest in LDCs in improving parastatal efficiency and, in some cases,

resort. The effect is that the private school systems cater to the elite. Furthermore, the financial burden on the government is usually too great for the service to be made available to the school aged population at large. However, our research has identified alternative approaches in which the private sector (non-government) can be induced to handle a large portion of the demand for education. Under at least some conditions, non-government sponsored schools may be more effective than government schools in reaching the poor and ethnic, religious or linguistic minorities. This research is being continued in FY 84 to expand the sample of countries so that our understanding of the subject is not biased by the unique socio-cultural conditions of the present sample. In FY 85 and FY 86 we will continue this study and initiate a larger effort to present alternative approaches USAID's may be able to introduce to significantly expand schooling in the LDCs. These activities are particularly important in view of the recent Agency interest in community schools as an alternative to national school systems operated by ministries of education and dependent on national budget support.

o Social and Institutional Profile - During the past few years, many missions have lost their capabilities. Consequently, PDPR in FY 82 initiated the Social And Institutional Profile program (SIP) which permitted missions to rapidly but comprehensively analyze social and institutional constraints and impacts in the host country. These SIPs partly substituted for the absence of social science advisors but also provided missions with a basis for reorienting their portfolios as a result of the SIP analysis. Anticipating mission budget constraints as well as the experimental nature of the activity, PDPR funded a significant portion of the first year. When the results of the first round of SIPs became known to other missions, demand for participation in the program increased with the missions funding 50% of the program and PDPR was able to reduce its involvement. In FY 84 the program continues to expand with more of the funding being provided by the missions. Our plan now is to institutionalize the SIP program in bureau and mission budgets by continuing over the next two years to reduce our percentage involvement.

However, an important step in this institutionalization process is to assess the program in terms of where it has been useful, where its future emphasis should be and what anthropological guidance can be offered. This we plan to do with bureau and mission help through a conference budgeted in FY 85. By the time of the conference, approximately 12 SIPs will have been completed or be underway.

o Private Sector Institutional Profile - The SIP program has been a useful exercise with important implications for

other Agency initiatives. In FY 85 and FY 86 we plan to apply the SIP model to investigating the constraints facing LDCs indigenous private sector. As in the SIP program, PDPR will design the general program and work with specific missions to tailor it to their needs and interests. Also as in the SIP program, the first year is likely to require a large percentage of PDPR funding relative to the mission's since the mission programming cycle limits flexibility in the immediate fiscal year.

o Policy Reform and Economic Growth - In FY 83, PDPR funded a fascinating study of market economies by Prof. Alvin Rabushka. His paper emphasized the importance of policy constraints and the possible negative role of donor assistance when policies are not changed. From this provocative study, our work related to the drafting of the Employment policy paper and our revising of the Private Enterprise policy paper, the importance of the proper pricing of the factors of production has become a central research theme of PDPR. This issue will be extensively pursued in FY 85 and 86 and will be complemented by a number of specific investigations related to export potential and agricultural markets.

Sector Policy Objectives - As noted above and in our FY 85 ABS, PDPR will continue its interest in selected policy issues effecting the principal sectors of interest to AID. In particular, we will focus on the following:

o Population: PDPR's research in family planning has traditionally guided the Agency's thinking on issues related to Section 104d of the FAA. We plan to continue this activity with a significant investigation of the interrelationships between the education of women and fertility. While it is generally believed that there is a negative correlation between education and fertility, little is known about the specific relationship and those factors a donor can effect. PDPR's effort will be initiated in FY 85 and carry through FY 86.

We find that PDPR is regularly requested to anticipate issues in population before the rest of the Agency or the population community is fully aware of them. Consequently, in FY 86 we are including a line item to reserve funds to study questions which we simply cannot anticipate today. Unfortunately, due to the constraints imposed by our AAPL, this line item is included in our list of shelf projects.

o Nutrition: PDPR has been funding seminal research on the nutritional impact which results when there is a shift from subsistence farming to commercial farming. What we believe is that in most cases subsistence farming results in a more

balanced diet although frequently (seasonally) inadequate. As farmers shift their work effort from the variety of crops and livestock found in subsistence farming to the single crop produced for market, there may well be a deterioration of nutritional levels among the most vulnerable groups such as children. This is particularly likely when the ground used for vegetable gardens tended by women is converted to the production of the commercial crop. While A.I.D. cannot alter this shift in production, the findings of our Interhousehold Allocation of Resources study suggest that it may be essential to insure that this nutritional level is maintained either by new sources of income for those members of the household who previously had been providing for the nutritional needs of the children or by partial reversal of the land use trend.

In FY 85 and FY 86 we plan to continue this research focusing particularly on Africa where there is the greatest potential for large scale shifts from subsistence to commercial agriculture.

Along with this research on the impact of nutrition, PDPR will start investigating the issue of how to smooth out the seasonal and cyclical changes of food availability at the household level. Two efforts are planned for the next two fiscal years. One will consider the issue of household food security and the other will analyze the different effects of food self-reliance versus food self-sufficiency. Both efforts are planned to parallel our nutritional studies in order to get at the problem of adequacy of diet.

o Agriculture: In FY 84, PDPR strengthened its capability to deal with issues in agriculture by entering into an agreement with USDA for the services of a RSSA. We plan to continue this agreement through FY 86. In terms of our research interests, this RSSA will permit us to investigate the areas of incentives for agribusiness and the institutional constraints to developing markets in agricultural commodities.

o Education: PDPR has been studying a number of demographic assumptions which have guided LDC investment in school infrastructure. In a number of countries we are finding that recent changes in infant mortality, fertility and migration are producing a different size of age cohort than that assumed by education planners. Consequently, there may be overinvestment in infrastructure and underinvestment in qualitative improvements if the planners are not able to accurately predict the size, distribution and rate of change of the age cohorts. Our research to date has concentrated on data collection and modeling. During FY 85 we plan to bring together the results in a workshop of education planners, economists and demographers.

o Human Rights: PDPR will continue to promote the design and implementation of human rights projects through funds contained in our budget. For the past few fiscal years, our funds were used to lever regional bureaus and missions to start activity. One important problem is that most missions do not anticipate projects in this area and, therefore, make no provision in their budgets. When an activity comes along, there is a difficult period for everyone concerned as the mission and bureau search for funds. PDPR has been using its human rights funds to partially relieve this problem by transferring funds to the regional bureaus to ease their funding problem. This year, A.I.D.'s agreement with Congress doubles our commitment to fund human rights activities to \$3 million. It is not possible for PDPR to expand its budget and continue to cover for the regional bureaus' lack of budgeting for human rights at ABS time. Consequently, our funds will be concentrated more on the projects which are not mission or bureau specific.

Policy Articulation - The policies and programs of the Agency are based on sound theory and evidence however this foundation is continually advancing and changing as the world situation evolves. It is unfortunate, that the rationale for our policies and programs are not effectly communicated to host country leaders and to the intellectual community in general. Because of this, AID is frequently accused of losing the intellect leadership in development that we had during the early sixties. In fact, this has not been the case. AID has continually been at the leading edge of the new theories in development. We have, however, been derelict in sharing our finding with others. Countless numbers of research studies that has shaped the course of development have rested on our shelves and AID has not received attribution for supporting these fundamental inquiries.

To address this problem, PDPR will start two different initiatives in FY 85. The first will be to update the Development Digest into a true abstract series of the significant literature in development. This abstract series will be targeted at officials of host countries to set the stage for our programs.

The second initiative will be a monograph series of significant research sponsored by AID, published as hardbound professional reference books. This series will be targeted at the university community as a reference work for courses in economic development and international affairs. By bringing the quality and relevance of our research into the classroom, AID will attract a more attuned clientele - both as future employees and as technical consultants.

There are a number of other activities in our budget which are further explained in the detailed activity descriptions in Section 3 of this ABS.

Also, included is a list of activity which we plan to undertake if more funds become available to PDPR or if items within our budget fall out for one reason or another. This "shelf" list primarily reinforces those activities above the line.

Barriers to Policy Research - Experience during FY 84 indicates that our major implementation problems stem from the severe limitation imposed by our staff ceiling, the stringent rules governing procurement, the slowness of the contracting procedures and the difficulty in balancing the desired research effort to the urgency for the outcome.

Our staff ceiling is such that any absence of staff result in a decline in output. There is no one available to fill in behind a vacancy. Yet, the assignment process in A.I.D. has left two division chief positions vacant for almost a year and two economist positions vacant for well over six months. While the division chief positions have been covered by personnel in an acting capacity, this has been at the expense of the policy advisor capability. As a consequence, we were unable to adequately cover many areas of important such as our population program or environmental concerns. The two vacant economists positions that have not been covered results in very late obligation of funds for our denationalization and divestiture activity and several other studies.

In FY 84 the rules governing procurement have been tightened and strictly enforced. The result is that unsolicited proposals, which we frequently receive, require as much time to process as an RFP. Today, we must plan on four to six months to go through the contracting process for a research study with a budget of more than \$10,000. We have attempted to relieve this to some extent by contracting with two IQC's. However, this mechanism is not able to help us in many of the areas of our portfolio. In general, the contracting process is extremely time consuming and labor intensive. We are at a particular disadvantage because our specialized research is frequently better accomplished through a sole source or limited search. Neither of these methods are acceptable to the contracts office without a major fight. In our judgment, the procurement rules which apply to multimillion dollar projects funded by mission programs and S & T do not get us the best proposal at the least cost for our \$20,000 to \$100,000

activities. Individual scholars who are intensely involved in a topic on our agenda do not like to spend the time required to participate in A.I.D.'s competitive procurement procedures. Consequently, we are left taking a more organized consultant firm with substantially higher overhead and operating costs, and frequently with less technical capability. Thus we get less for our money.

A final problem that is inherent to PDPR is the fact that many of the issues we are studying are rapidly emerging concerns of the Agency and with A.I.D.'s constituency. While a proper investigation of the subject requires time, the urgency of the situation or of our constituency concerns require immediate the answers. To be responsive, PDPR must anticipate those needs and as a minimum have a foundation to start an accurate investigation. As a consequence, our research agenda must be at the forefront of development thinking.

SECTION II

FY 1986 ANNUAL SUBMISSION
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
 OFFICE PPC/DPPR

	FY 1983 Actual	FY 1984 Estimate	---FY 1985--- CP Estimate		FY 1986 AAPL	----Planning Period--- 1987 1988 1989 1990				
<u>ARD&N</u>										
Grants	391	950	560	560	775	700	600	600	650	
<u>POP</u>										
Grants	130	50	200	200	200	200	200	150	175	
<u>HEALTH</u>										
Grants	249	75	75	75	250	150	150	150	150	
<u>EDUC</u>										
Grants	150	310	90	90	200	250	250	300	225	
<u>ESF</u>										
Grants	400	---	---	---	---	---	---	---	---	
<u>SDA</u>										
Grants	826	1045	1325	1325	1250	1600	1845	2000	2200	
TOTAL	2146	2430	2250	2250	2675	2900	3045	3200	3400	

Total Personnel
 USDH
 (Workyears) 31.5 31.5 31.5

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION
 (\$000)
 OFFICE PPC/PDPR

Appropriation Account Project No. Title	L/G	FY 84 Estimate	FY 85 Estimate	FY 86 AAPL
<u>Agriculture, Rural Deve. and Nutrition</u>				
930-0091 Rural Development Research	G	700	270	415
930-0096 Nutrition	G	<u>250</u>	<u>290</u>	<u>360</u>
Sub-Total (ARD&N)		950	560	775
<u>Population</u>				
930-0068 Fertility Determinants	G	50	200	200
<u>Health</u>				
930-0082 Village Health	G	75	75	250
<u>Education</u>				
930-0089 Education Policy Implementation	G	310	90	200
<u>Selected Development Activities</u>				
930-0077 Energy	G	5	20	50
930-0086 Human Rights	G	400	400	400
930-0090 Soc. & Political Aspects of Dev.	G	60	30	50
930-0092 Economic Research	G	450	600	500
930-0097 SIPs	G	<u>130</u>	<u>275</u>	<u>250</u>
Sub-Total (SDA)		1,045	1,325	1,250
TOTAL		2,430	2,250	2,675

PROJECT NUMBER AND TITLE	OBLLIG DATE	-TOTAL COST- L INIT FIN	PLAN	OBLLIG THRU FY 83	PIPE- LINE	ESTIMATED U.S. DOLLAR COST (\$000) FY 1984 OBLLIG- FY 1985 EXPEND- FY 1986 FUNDED	APRIL FUNDED THRU	PEACE CORPS VECS	ITEM NO		
9377 C				626	131	5	125	20	25	50	10451
WOMENS OPPORTUNITIES											
9330078						SUBCAT: SDWD					12030
9380 C				476	285	165			121		12030
HUMAN RIGHTS											
9300086						SUBCAT: SDHR					12047
9373 C				771	143	400	279	400	465	400	12047
HUMAN CAPITAL INVESTMENT											
9300093						SUBCAT: SDHR					12033
9330 C				635	101	25			76		12033
SOCIAL/POLITICAL ASPECTS OF DEVELOPMENT											
9330090						SUBCAT: SDPP					10452
9380 C				231	45	60	75	130	75	50	10452
ECONOMIC RESEARCH											
9300092						SUBCAT: SDPP					10448
9380 C				622	246	450	455	600	300	500	10448
PRES. TASK FORCE FOR. ASSIST./TRADE											
9300092.01						SUBCAT:	37				12574
9380 C											12574
HUMAN RESOURCES STRATEGIES											
9300097						SUBCAT: SDHR					10445
9382 34				124	108	130	125	225	250	250	10445
SUPPORT FOR DEMOCRACY											
9300095						SUBCAT: SDPP					12555
9383 33				250	250	600	150				12555

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FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

3UR. FOR PROGRAM AND POLICY COORDINATION 05/03/84

PROJECT NUMBER AND TITLE	OBLIG DATE	-TOTAL COST-	PLAN	OBLIG THRU FY 33	FY 33 PIPE-LINE	ESTIMATED U.S. DOLLAR COST (\$000)		OBLIG- EXPEND- ACTION ITURES	FY 1985 FUNDED THRU	FY 86 FUNDED THRU	PEACE CORPS VTEG V935	ITEM NO
						FY 1984	FY 1985					
APPROPRIATION												
TOTAL				250	100			100				
GRANT				250	100			100				
LOAN												
COUNTRY TOTAL												
TOTAL	400	400		10398	2547		2490	2250				
GRANT	400	400		10398	2547		2490	2250				
LOAN												

~~3793~~
~~1313~~
~~2418~~
~~2616~~

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE V - FY 85 PROPOSED PROGRAM RANKING
Office PFC/PDPR

RANK	PROJ. NO.	DESCRIPTION	NEW/ CCNT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING \$000	
						INCR	CUM
1.	930-0092	Denationalization and Divestiture	N	G	SDA	200	200
2.	930-0092	Private Enterprise Develop- ment: A Market Approach	N	G	SDA	50	250
3.	930-0068	Case Studies of AID Experience in 104(d)--The Relationship Between Female Education and Fertility	C	G	POP	120	370
4.	930-0092	Price Distortions in the Factor Markets	C	G	SDA	230	600
5.	930-0089	Financing Education: Public and Private	C	G	EDUC	40	640
6.	930-0082	Health Demand and Financing	C	G	HEA & SDA	100	740
7.	930-0068	Social Marketing: Its Use and Effectiveness	C	G	POP	80	820
8.	930-0089	Conference on Demographic Factors in Education Planning	C	G	EDUC	50	870
9.	930-0097	SIP Evaluation Conference	C	G	SDA	75	945
10.	930-0097	Social & Institutional Appraisals	C	G	SDA	125	1070
11.	930-0091	Agricultural Policy	C	G	ARDN	80	1150
12.	930-0091	Institutional Constraints to Market Oriented Agricultural Policies in the Developing Countries	N	G	ARDN	50	1200

FY 1986 ANNUAL BUDGET SUBMISSION (Cont'd)

TABLE V - FY 85 PROPOSED PROGRAM RANKING
Office PEC/PDPR

RANK	PROJ. NO.	DESCRIPTION	NEW/ CONT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING \$000	
						INCR	CUM
13.	930-0091	Identification of Incentives for Agribusiness	N	G	ARDN	50	1250
14.	930-0096	Impact of cash crops on Nutrition & Food Consumption	C	G	ARDN	200	1450
15.	930-0096	Improving household Food Security	C	G	ARDN	90	1540
16.	930-0091	Local Institution Development and Education	C	G	ARDN	90	1630
17.	930-0077	Energy and Environment Policy Studies	N	G	SDA	20	1650
18.	930-0092	Urban Issues	C	G	SDA	30	1680
19.	930-0092	Estimation of Trade Potential in Developing Countries	N	G	SDA	50	1730
20.	930-0086	Human Rights	C	G	SDA	400	2130
21.	930-0090	Refugees	C	G	SDA	30	2160
22.	930-0097	Determinants of Institutional Development	C	G	SDA	75	2235
23.	930-0092	Technical Support	N	G	SDA	15	<u>2250</u>
Total FY 85 CP							2250

FY 1986 ANNUAL BUDGET SUBMISSION (Cont'd)

TABLE V - FY 85 PROPOSED PROGRAM RANKING
Office PPC/PDPR

RANK PROJ. NO.	DESCRIPTION	NEW/ CONT	LOAN/ GRANT	APPR ACCT	PROGRAM FUNDING \$000	
					INCR	CUM
<u>Items included within FY 85 AAPL</u>						
24.	930-0002 Development Digest	C	G	SDA	125	2375
25.	930-0092 Economic Development (Monograph Series)	N	G	SDA	115	<u>2490</u>
	FY 85 AAPL					2490
<u>Shelf items - FY 85 (not ranked)</u>						
	930-0068 Measuring Demand for Family Planning	N	G	SDA	30	
	930-0089 Education Technologies	C	G	EDUC	50	
	930-0096 Policy Issues related to the Achievement of Hunger Goals	C	G	ARDN	150	
	930-0091 Classification of Developing Countries by agricultural Production Potential	N	G	ARDN	50	
	930-0086 Human Rights	C	G	SDA	200	
	930-0092 Seminars on the Implementation of Employment Policies	N	G	SDA	200	
	930-0092 Sources of Entrepreneurship	N	G	SDA	<u>75</u>	
	Total Needed					755

SECTION III

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Narrative -- New and Ongoing Project Description

<u>Item No.</u>	<u>Approp. Acct.</u>	<u>Research Title</u>	<u>Page No.</u>
1	POP	The Relationship Between Female Education and Fertility.	1
2	POP	Social Marketing: Its Use and Effectiveness (Also see Health Approp.)	2
3	POP	Measuring Demand for Family Planning Services*	3
4	HEA	Health Demand and Financing ^{1/}	4
5	HEA	Social Marketing in Health (See Pop Approp.)	
	HEA	Policy issues in Child Survival*	5
6	EDUC	Conference on Demographic Factors in Education Planning	6
7	EDUC	Financing Education: Public & Private	8
8	EDUC	Policy Alternatives in Schooling	9
9	ARDN	Nutrition & Development	10
10	ARDN	Policy Issues in Agricultural Land Market Development*	12
11	ARDN	Local Institution Development and Education	13
12	ARDN	Agricultural Policy	14
13	ARDN	Identification of Incentives for Agribusiness*	15
14	ARDN	Institutional Constraints to Market Oriented Agricultural Policies in the Developing Countries*	16
15	ARDN	Food Self-Reliance and Food Self-Sufficiency*	16

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Narrative -- New and Ongoing Project Description

<u>Item No.</u>	<u>Approp. Acct.</u>	<u>Research Title</u>	<u>Page No.</u>
16	SDA	Energy and Environment Policy Studies*	18
17	SDA	Denationalization and Divestiture	19
18	SDA	Private Enterprise Development: A Market Approach*	20
19	SDA	Price Distortions in the Factor Markets	21
20	SDA	Urban Issues*	23
21	SDA	Estimation of Trade Potential in Developing countries*	23
	SDA	Health Demand and Financing ^{1/} (See Health Approp.)	
22	SDA	Technical Support	24
23	SDA	Human Rights	25
24	SDA	Refugees	26
25	SDA	Social and Institutional Profiles	27
26	SDA	Determinants of Institutional Development	30

*New projects proposed.

^{1/} Split funding with SDA Account in FY 85.

NEW AND ONGOING PROJECT DESCRIPTIONS

Population: 930-0068

1. Ongoing Project Narrative

The Relationship Between Female Education and Fertility

Funding: FY 1985 \$120 FY 1986 \$140

Appropriation Account: 104

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

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

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

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

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

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

2. New Project Narrative

Social Marketing: Its Use and Effectiveness

Funding: FY 85 \$80 FY 86 \$40 (POP) \$40 (HEA)

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

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

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

3. New Project Narrative

Measuring Demand for Family Planning Services

Funding: FY 86 \$20 LOP \$300

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

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

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

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

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

Health 930-0082

4. Ongoing Project Narrative

Health Demand and Financing

FUNDING: FY1984: \$75,000; FY1985: \$100,000; FY 1986: \$150,000
LOP Grant \$325,000

APPROPRIATIONS ACCOUNT: Section 104 and 106, FAA

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

This project would assist missions:

- cost out alternative PHC programs;
- generate information for cost effectiveness studies for PHC;
- measure household demand for, utilization of, and expenditures on health services and drugs;
- assess the financial and economic feasibility of various user financing options;
- document experiences with and measured effectiveness of various health financing schemes, and;
- more systematically consider the role and potential for private sector providers in health.

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

Health policy research gaps of greatest priority include the following topics:

- the extent and nature of the demand for health, including the underlying issues of costs, health care utilization, and resource allocation;
- the impact and role of the private health sector, particularly as it relates to public health investments; and
- health care financing options.

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

Project Description: The project will support a number of different kinds of studies, ranging from simple compilations of information, to indepth assessments of the effectiveness of various health financing options, to the collection and analysis of relationships which draw on sophisticated econometric techniques. The projects will help to incorporate economic analysis into health projects as outlined in the health policy.

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

5. NEW PROJECT NARRATIVE

Policy Issues in Child Survival

Funding: FY 86 \$60 LOP: \$250,000

Purpose. To further understanding of the underlying and proximate determinants of child mortality/survival and guide the development of health policies and programs.

Background. Among the principal determinants of child health and survival are biological factors (including genetic predisposition), environmental factors (including disease agents), and behavioral patterns (such as health service utilization and hygiene behavior). A purely biomedical model

of mortality tends to focus on disease etiology; a purely behavioral model concentrates largely on the contribution of human behavior to mortality. Many of the past health programs funded by AID and other donors have been based on the unquestioned assumption that health behaviors are homogeneous and predictable, and that the most effective means of lowering mortality is by counteracting the immediate or proximate, biomedical causes of mortality. However, preliminary research strongly suggests that an integrated perspective is necessary to understand fully the complex of underlying as well as immediate determinants of child mortality/survival.

This area of research continues PDPR's longstanding emphasis on understanding the determinants of disease and the logical human response to disease risk, including use of available health care options as a prerequisite to judicious investments in health programs. A combination of social, economic and epidemiological research, the proposed research will help fill the gaps in available data, and will enhance our ability to update our policy guidance.

Project Description. The project consists of a series of studies designed to use coherent behavioral and biomedical models to analyze 1.) the underlying and immediate determinants of behaviors that influence infant and child mortality outcomes; and 2.) the effects of behavioral and biological variables on the health status and growth patterns of infants and children. The project will involve analysis of existing data, collection of new data where feasible and affordable, and technical papers reporting on the results of data analyses and review of available literature.

Relationship of Proposal to Office Objectives. The results of this research will give PDPR a sounder basis for formulating health policies and allocating resources among health and other programs.

Education: 930-0089

6. Ongoing Project Narrative

Conference on Demographic Factors in Education Planning.

Funding. FY 1985 \$50

Purpose. To refine the demographic methodologies used in estimating projected rates of growth, total size and distribution of school-age cohorts.

Background. Research and modeling supported by PPC/PDPR in FY 83 and FY 84 (A.I.D./OTR-0089-C-00-2266-00) on the patterns of growth and distribution of school-age cohorts over the next two decades has demonstrated that these cohorts are likely to grow at rates significantly lower and with different spatial distribution than previously assumed. This suggests major changes in education planning assumptions for most countries and in the strategic options available for A.I.D. and other assistance agencies.

Project Description. In FY 85, the initial research of demographic factors and modeling of projections for a large number of countries by The Futures Group will be nearly complete and attention will shift to investigation of education strategy implications. While additional support for such modeling and for further refinement of the software may be required, PPC/PDPR will look to other bureaus and assistance agencies for most of the ongoing financial support. Emphasis under the PDPR project will be a) an invitational conference of key demographers and education strategic planners (including LDC specialists) to review the results and implications of the Futures Group report, projections and associated microcomputer software, b) formation of a working group of specialists and institutions involved with related model-building and software development to consider possible composite models or packages of microcomputer software applicable to education analysis, and c) formation of a working group of educators, public administrators and strategic planners to examine the strategic options for education expansion and qualitative reform under alternative demographic scenarios.

Follow on activity which may be suggested by this conference will be funded under the FY 86 project entitled Policy Alternatives in Schooling.

Relationship to Office Objectives. Research suggests that many of the demographic assumptions on the feasibility of reaching full enrollment, of sustaining recurrent costs or of coping with the numbers of adolescents entering the labor market or pursuing further education are significantly inaccurate and unreliable and may change substantially over the next two decades. Identification of alternative scenarios provides a major opportunity for policy dialogue on alternative education and training policies and is in itself a significant technology transfer affecting Basic Education Policy objectives of improving education enrollment and efficient use of resources.

Major Outputs. Completion and dissemination of findings from Futures Group cohort modeling; guidelines for further

development of projection models; initial work on guidelines for strategic planning under alternative demographic scenarios.

Beneficiaries. A.I.D. education planners, policy and strategy analysts, program and project designers. Other international agencies such as World Bank have expressed considerable interest. Ultimately, beneficiaries are children and adolescents in LDC's benefiting from better allocation of scarce education resources.

7. Ongoing Project Narrative

Financing Education: Public & Private

Funding. FY 85 \$40

Purpose. To examine the determinants and consequences of the division of responsibility for schooling between the public and private sectors.

Background. Essentially all countries rely on privately supported and administered schools for some part of the total education provided. However, data on the extent of private schooling (numbers enrolled, teachers employed, financial expenditure) are not collected or reported systematically. There is little comparative analysis of the factors which determine the extent, quality or effectiveness of private schooling. Why do different countries utilize private schools to very different extents? What is the private school response to differing public policy or economic conditions? There are fewer than 20 items of published research on these questions in LDC's, few of which are recent, and there is no agreement on the precise definition of what a "private" school is (distinct) from other forms of community-administered education.

Project Description. In FY 1983, PDPR began support through SUNY StonyBrook for a series of country case studies, a comparative study of 10-12 countries with existing research on private schooling systems, and a literature review of existing research. A case study on Japan has been completed and a second case study on Kenya, with a partial case study on Zimbabwe, is being undertaken in the summer of 1984. The comparative study and literature review will be available in the fall of 1984. Activity in FY 85 and FY 86 will support dissemination through a conference/workshop in 1985 and other means. Following the workshop and review of findings, other case studies and comparative research will be considered in consultation with the World Bank and other Agencies which have expressed interest in research on this topic.

Relationship to Office Objectives. Inquiry into the behavior of local organizations in sponsoring schooling supports objectives of strengthening local organizations, decentralization, and moderating recurrent costs as well as to Basic Education Policy.

Major Outputs. Dissemination of findings; 1 or more additional case studies; identification of additional research needs

Beneficiaries. Education and local organization development program planners and designers and, ultimately, children and parents with more local participation in education decisions.

Relationship of Proposal to Mission and Other AID Activities. The project responds to missions' efforts to concentrate "second generation Primary Health Care" programs more carefully than predecessor projects, e.g., to aim resources where they are most likely to diminish mortality and serious morbidity. It is consistent with our increasing policy and strategy focus on child survival.

8. New Project Narrative

Policy Alternatives in Schooling

Funding. FY 86 \$200

Purpose. To undertake key policy studies which arise from the research on demographic factors and education finance. In addition, research related to newly emerging interest in community schools will also be carried out.

Background. FY 85 will complete the specific research on demographic factors in education planning and education finance as now defined. However, there are important implications of this research which will need further investigation. In particular, our school cohort work is suggesting that investment priorities in many countries should shift from expansion of the quantity of schools to a deepening of school quality. Further work is needed in identifying the determinants of quality which donors can best effect. On the finance side, there is a rising interest in community schools in addition to further study into the ways in which AID can assist private schools.

There are also a number of continuing issues related to participant training and preschool education which will be further investigated in this project.

Project Description. The project will fund a number of short policy studies on the topics noted above.

Food and Nutrition 930-0096

9. Ongoing Project Narrative

Nutrition and Development

Funding: FY 1985 \$290 FY 1986 \$260

Purpose: To improve the nutrition impact of A.I.D. programs and policies.

Background. Satisfaction of basic needs is the long term goal of economic development. Overcoming hunger does not, however, result automatically from increased food production, per capita income, and health. They are neither necessary nor sufficient in the short run. The key to the solution of the hunger problem is assuring that undernourished groups have access to a reliable self-sustaining means of acquiring food, health care, and income throughout the year.

The Nutrition and Development project is a means for drawing together sectoral and policy concerns and providing guidance to the Agency on effective means for overcoming or averting nutrition problems through A.I.D. programs.

The priority issues to be addressed in FY 86 are:

- Mechanisms for incorporating nutrition concerns in agricultural and rural development programs.
- Ways of monitoring progress toward meeting strategic goals of reducing hunger.
- Means of incorporating nutrition considerations in policy analysis.

Project Description. This project is designed to improve our understanding of the impact of nutritional status on development and the impact of development programs on nutrition and food consumption.

Progress and Activity to Date. In FY 80 and 81 a series of studies on issues broadly relating nutrition and agriculture were commissioned. These have been distributed within the Agency and outside and have improved the state-of-the-art in

these areas. In FY 82 and 83 several studies were commissioned which have just become available for circulation. In particular, attention has been paid to how the structure of households and power relationships within them determine food security and nutritional well-being. On-going research on the impact of commercialization of agriculture in nutrition and food consumption will enable the Agency to better address world hunger the policies and programs in agriculture.

In FY 86 the project focus will be on nutrition and agriculture, household food security, and establishing a means for monitoring progress in achieving hunger goals.

Major Outputs Over Life of Project. We will continue to produce written reports and synthesize the findings into field guidance. We will also update policy statements accordingly.

Current Program, FY 85 - FY 86.

Impact of cash crops on nutrition and food consumption. One of the key nutritional issues arising is the impact of increasingly export oriented agriculture on national food security and on nutrition food consumption. Primary data collection efforts will be undertaken in Africa to develop case studies and field methods appropriate to the project design context.

Proposed Funding and Duration of Subactivity. FY 85 - \$200,000 for two-year study FY 86 - \$200,000 for two-year study

Improving household food security. Throughout the world, preharvest hunger is a fact of life. For adults the hunger merely reduces their work capacity temporarily but for very young children and pregnant and lactating women, permanent damage or death can result. The causes of household food insecurity and the relationship between national level and household level food security are poorly understood. "Postharvest food losses" is a catch all phrase that fails to acknowledge the spectrum of activities (and actors) involved in food transformation and marketing. This sub-project will implement recommendations of the review report on experience to date on the topic (Funded in FY 84). The policy options recommended will need to be implemented and evaluated especially in the context of the Agency efforts in food security, food sector strategies, and agricultural and rural development programs. Based on this experience guidance will be developed to improve the impact of foreign assistance on household level food security. Outputs in FY 85 will be the final review of experience and three studies in FY 85-86 on implementation of findings.

Proposed Funding. FY 86 - \$40,000 for this study.

10. New Project Narrative

Policy Issues in Agricultural Land Market Development

Funding: FY 86: \$100 (ARDN) LOP: \$100 (ARDN)

Purpose. The purpose of this activity is to identify policy constraints in theory and practice to the development or enhancement of effective agricultural land markets in LDC's.

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

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

Project Description. The research will investigate the following hypotheses:

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

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

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

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

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

Rural Research 930-0091

11. New Project Narrative

Local Institution Development and Education

Proposed Funding. FY 1985 \$90 FY 1986 \$100

Life of Sub-project. 24 months

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

Background. Most research on the relationships between education and development has concentrated on education outputs, i.e. on the impacts of levels of education attainment on individual and organizational behaviors or competencies. The role of schools per se, and the financial and community arrangements necessary to initiate and maintain schools, has been comparatively neglected. It is clear that education expansion is difficult where local political, financial and administrative institutions are weak or nonexistent and where aspects of infrastructure are lacking -- such as housing for teachers, electrification, water and transportation. Less clear is the degree to which the existence or absence of a school and/or the social demand for schooling is a causal, catalytic factor (i.e. an input) in the processes leading to establishment or strengthening of other local institutions.

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

Relationship to Office Objectives. Clarification of these relationships would help a) to explain anomalies in the observed correlations between education levels and development which cannot be explained fully by education outcome variables, and b) to guide Agency policy on the inclusion of schools in strategies of integrated rural or urban development, development administration or local organization development.

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

12. Ongoing Project Narrative

Agricultural Policy

Funding. FY 85 \$80 FY 86 \$90

Purpose: To provide continuing general and technical assistance to PPC/PDPR in economic analysis and evaluation of projects, programs, and policies involving agriculture and rural development.

Background: The importance of agricultural and rural development to Agency programs mandates a strengthening of agricultural and rural development policy analysis and research programming capabilities. Working within this context, the incumbent shall gather, analyze and provide data and information essential for effective and efficient utilization of program resources devoted to agricultural and rural development.

Project Description: Identifies, evaluates and make recommendations on the need to modify current policies. Drafts new proposed policies related to or significantly affecting AID agriculture and rural development programs by participation in the review of AID projects.

Helps identify agricultural and rural development policy research priorities. Coordinates the preparation of research proposals within given office resource constraints. Reviews and makes recommendations concerning research proposals and research now underway.

Undertakes special projects of short duration involving immediate analyses and reports concerning AID agricultural policy and program initiatives.

Relationship to AID and PDPR Objectives: The RSSA will provide for increased analysis of agricultural and rural development issues that involve a majority of the Agency's development projects. This analysis will be used to carry out PPC/PDPR's responsibility in the project review process and the Agency policy dialogue.

13. New Project Narrative

Identification of Incentives for Agribusiness

Funding. FY 85 \$50 FY 86 \$50

PURPOSE: To encourage existing private sector agribusiness to take advantage of marketing opportunities domestically or internationally.

PROBLEM: To provide an environment in which potentially vital agricultural oriented private sector entities are encouraged to participate in the agricultural sector, constraints need to be removed and incentives need to be provided. A price oriented agricultural marketing system that encourages the participation of private sector individuals and firms can provide the foundation for a thriving economy in which all benefit. Production and consumption decisions related to food and agriculture would then be based on rational economic decisions. Two or three country level case studies will be presented, including examples from recent CBI experiences, with recommendations for assistance programs and policies that reflect the above stated purpose.

MEANS OF IMPLEMENTATION: PDPR will prepare a reimbursable agreement with ERS/USDA. Most of the work will be done in USDA/Washington, but limited travel may be necessary.

14. New Project Narrative

Institutional Constraints to Market Oriented Agricultural Policies in the Developing Countries

Funding. FY 85 \$50 FY 86 \$100

PURPOSE: To assess to what extent and how present institutions in developing countries present a constraint to implementing market oriented agricultural policies and to assess what institutional changes could be encouraged to change the situation.

PROBLEM: The institutional infrastructure and the capabilities of the human resource base of these institutions are important in promoting market oriented agricultural development. In most developing countries such decision making infrastructure is very weak. In particular, these institutions are not designed to encourage market oriented agricultural development. Identification of specific problems, country-by-country, is an important step in assessing a country's ability to move toward an economically rational agricultural sector with the private sector at the core. The next stage would be to design assistance policies and programs to encourage this movement.

MEANS OF IMPLEMENTATION: PDPR will prepare a reimbursable agreement with ERS/USDA. Most of the work will be done in USDA/Washington, but limited travel may be necessary.

15. New Project Narrative

Food Self-reliance and Food Self-sufficiency

Funding: FY 1986: \$75,000

Purpose: The purpose of this activity is to: (a) review the theoretical foundation for pursuing a strategy of food self-reliance (rather than food self-sufficiency); and (b) identify the operational difficulties of implementing such a strategy.

Background: The "Food and Agricultural Development" Policy Paper of May 1982 states that "In supporting the objective of food self-reliance, A.I.D. does not rigidly subscribe to the goal of food self-sufficiency." (p. 2) This policy statement was followed up by a message from AA/PPC to the Senior Staff in September 1983 elaborating upon the differences between the two concepts. Still, some developing countries (especially in Africa) question the efficacy of pursuing such a strategy. These countries may perceive a gap between the theoretical attractiveness of the strategy and the operational feasibility of implementing it. This may be, in part, because the theoretical attractiveness is based on the law of comparative advantage, which in turn, is based on several key assumptions -- many of which may not hold in the real world. Even if all of the assumptions did hold, political realities may still preclude implementation of a strategy of food self-reliance. For example, while a nation is always better off if it follows the dictates of comparative advantage (and therefore, a policy of food self-reliance), various groups within a nation may be worse off. If those groups are politically powerful or particularly vulnerable, the government may intervene to protect their interests.

Project Description: Governments may rule out trade in the short-run for political or other reasons. Still, it is useful that they have some idea of the opportunity costs associated with such a policy decision. This project will use social profitability analysis to help highlight the costs to the overall economy of ruling out short run trade.

Relation of Proposal to Office Objectives: One way to help highlight the significance of not using international prices and markets is through social profitability analysis. This makes it clear what the opportunity costs are of following a course that does not recognize the merits of comparative advantage. Several illustrations using actual country examples will help explain the policies articulated by the A.I.D.

Relation of the Proposal to Mission and Other A.I.D.

Activities: It may be difficult for Missions to engage in a policy dialogue that exhorts developing countries to encourage a policy of food self-reliance unless some operational examples are provided. This project will help fill this gap.

Major Outputs: A short concepts paper will be prepared indicating: (a) the extent to which the assumptions underlying the theory of comparative advantage hold, and therefore, the extent to which A.I.D.'s policy of food self-reliance can be implemented; (b) the extent to which LDC's, in general, have a comparative advantage in the production of food, rather than cash, crops; and (c) a simple method by which Missions can calculate what commodities a country has a comparative advantage in.

SELECTED DEVELOPMENT ACTIVITIES

Energy 930-0077

16. Ongoing Project Narrative

Energy and Environment Policy Studies

Funding. FY 85 \$20 FY 86 \$50

Purpose. To conduct a number of short policy studies on the key energy and environmental issues effecting AID's program.

Background. During the past few years, AID has expended a good deal of effort developing essential policy and operational guidelines in the areas of energy and environment. While the major work has been done, there is a continuing need to keep current in these two areas. This project will provide a small amount of resources in each fiscal year to commission short policy studies in the areas of current energy issues, tropical forests, national resource endowments, fuelwood and other indigenous energy resources, etc.

Project Description. The project will fund five or six short studies through purchase orders or IQC contracts. Each study will be self-contained. Every effort will be made to identify and contract with a variety of expert views, particularly those whose views are not usually made known to AID.

Economic Research 930-0092

17. Ongoing Project Narrative

Denationalization and Divestiture

Funding: FY 1985: \$200. FY 1986 \$200

Purpose. To support applied research to assist host countries to denationalize and divest state enterprises (parastatals). The project would assist selected host governments to divest and/or denationalize specific state enterprises. The project would also include the possibility of providing technical assistance to specific divestiture or denationalization efforts. In doing this, the project would identify the specific constraints to denationalization and/or divestiture including, but not limited to: (a) political and economic explanations for the creation and continuance of the state enterprise, (b) political and economic benefits from denationalization and divestiture, (c) political and economic costs of continuing state management of the enterprise, (d) creation of management/financial package to assist in denationalization and divestiture, (e) timetable and benchmarks to measure progress of denationalization and divestiture, (f) establishing procedures to demonstrate to Missions and A.I.D./W techniques and operational means of denationalization and divestiture.

Problem. Increasingly, selected host governments are realizing that centralized organization and management of various phases of their economies are or can be a severe economic drain and inhibit developmental prospects. A.I.D. policy seeks to build institutions that will assist the poor majority: in many cases state enterprises are contrary to this goal. This research would produce operational guideline and criteria to assist Missions to evaluate, select, discuss with host governments, and manage divestiture and/or denationalization projects. Research would also discuss the range of forms for achieving denationalization and/or divestiture and assess the political and other implications of such actions. Project design and management would be guided by the result of this project.

Means of Implementation. PDPR will contract with an individual expert with extensive field experience in denationalizing LDC state enterprises (parastatals). IPD and EPD involvement are anticipated. Some logistic support may be required from field Missions.

Beneficiaries. Policy makers in AID/W, Missions and LDC governmental and business leaders, who are interested in development by divesting/denationalizing costly, counterproductive institutions. AID/W and Missions will be especially interested in how to select state enterprises for

divestiture/denationalization, how to dialogue both economically and politically with LDC leaders on the costs of centralization, the barriers to development created by state enterprises in general and the specific state enterprise, and the benefits to development of divestiture/denationalization.

By assisting in the operationalization of current and anticipated AID policy, the grant would offer assistance to LDC leaders to make such policy more relevant in country contexts. One to three countries will be selected for studies on divestiture and/or denationalization. This grant would provide a publishable study based on:

- a review of the literature;
- intensive conversations with experts and interested developing country officials;
- field studies of case, both at the national and the enterprise level; and
- a full review of the draft report in A.I.D.

18. New Project Narrative

Private Enterprise Development: A Market Approach

Funding: FY 1985: \$50 FY 1986: \$150

Purpose. To study the systems through which enterprises obtain their inputs and market their products. A.I.D. long has been interested in examining the input and product markets for small scale farmers. The results of years of research and of projects and programs in this area is paying off in terms of increased efficiency of input service delivery, efficient market systems, increased farm output, and improved farm earnings. Given the increased recognition of the importance of generating employment opportunities and the fact, now well established, that the overwhelming majority of jobs outside of agriculture are in small enterprises, A.I.D. is turning its attention to means of assisting small and micro entrepreneurs, urban and rural, in industry and service fields.

The project will signal a major policy initiative for A.I.D. building on the earlier work of S&T/MD/ESF. By exploring input and marketing systems affecting small scale and micro-entrepreneurs, the project will emphasize institutions, formal and informal, and markets that link those institutions

with the entrepreneurs. The project will encourage missions to explore more thoroughly effective means of reaching very small and micro-entrepreneurs indirectly, through institutions and by making existing markets function more efficiently.

Problem. Employment increasingly is recognized as the lynchpin of the Agency's four strategic emphases. By far the vast majority of non-agricultural employment in developing countries occurs in small scale and micro-enterprises (e.g., "firms" employing up to a range of 10 to 20 employees). Efforts to reach such small firms directly have floundered largely because the costs of doing so are prohibitive. An effective indirect approach is required.

By conducting a research effort that looks at the institutions and markets through which very small firms obtain their inputs and sell their products, this project will identify means of improving the efficiency of those two critical business aspects. Earlier efforts that have concentrated on production and on technology have not succeeded; the technologies involved are simple and the production techniques well known. Improved efficiency is not likely to be achieved by exploring new production techniques.

Means of Implementation. PDPR will attempt to establish a cooperative effort between individual USAID's and PPC along the lines of the SIP program.

19. New Project Narrative

Price Distortions in the Factor Markets

Funding. FY 85 \$230

Purpose: To assess the employment and economic impact of different strategies for correcting or reducing price distortions in factor markets.

Background: Price distortions in factor markets can be an important cause of low economic efficiency and can significantly reduce an economy's potential for creating productive employment. Even in situations where economies have grown at relatively high rates, the impact of factor price distortions is likely to have severely limited the generation of productive jobs. The importance of these issues raises the need to analyze the relative merits of different policy approaches for correcting the distortions.

The complexity of the issues is considerable because :

- A methodology for identifying the distortions and for measuring their magnitude or importance has to be developed.
- Factor price distortions are frequently interrelated to price distortions in product markets. Correcting the former may call for simultaneously attempting to correct the latter.
- Many of the price distortions reflect the effects of policy attempts to protect specific population groups which are supposed to benefit from them. Accordingly, doing away with the distortions is likely to meet with political obstacles.
- Some distortions result from the institutional setting and relate to the influence of power groups. Naturally, this adds to the political difficulties previously mentioned.

An extreme approach to dealing with the distortions would be the sudden across-the-board elimination or abrogation of related regulatory and legal controls, subsidies, agreements, etc. Alternatively, a process of gradual elimination of selected distortions can be selected. Either alternative entails economic and political costs whose relative advantages and disadvantages cannot be a priori ascertained.

Project description. The project would:

- Develop a methodology for identifying price distortions and their relative seriousness.
- Explore alternative paths to the correction of distortions. Two basic methodological approaches to be followed are :
 - a. The analysis of selected country experiences.
 - b. The elaboration and application of simulation models.

Relationship to AID and PDPR objectives.

The conclusions of this line of research would be a valuable way of reinforcing the Agency's policy dialogue with aid-recipient countries. They would help PDPR provide guidelines to AID missions regarding how to best approach price

distortions issues. Moreover, of themselves, the research results would be very useful in enabling AID assess the probability of success of its programs and projects in different price contexts.

20. New Project Narrative

Urban Issues

FUNDING. FY1985: \$30,000; FY1986: \$80,000.

PURPOSE: To better identify the key interventions available to AID to help build up the capacity and capability of those institutions responsible for the policy planning, financial management and delivery of urban services.

BACKGROUND: AID's Urbanization Policy has as its objective the modification of urban public and private institutions and their policies in order to use capital and human resources more effectively to contribute to the acceleration of national growth, to better respond to the needs of the private sector and the urban poor. To effect the policy changes required in this process means developing a better understanding of urban development. The key question for this Agency turns on what kind of a strategy and program approach will best implement AID's urban policy goals.

PROJECT DESCRIPTION: This project would assemble and evaluate pertinent information on the program efforts of AID, the World Bank and other multilateral institutions, bilateral donors and private institutions as those efforts related to urban development. Most important would be an appraisal of institution building and on public administration practices. Priority aims of this research are to identifying specific ways in which foreign donor can assume an effective role in improvement of the capability of urban government's and private institutions to function more effectively and play a more responsible role in government.

MAJOR OUTPUTS: Various short papers including review of literature and documented experiences of relevance and case studies.

21. New Project Narrative

Estimation of Trade Potential in Developing Countries

Funding: FY 85 \$50,000 - FY 86 \$50,000

Purpose: To estimate and project the net food import needs and/or export potential of developing countries.

Problem: Some developing countries are approaching net food self-sufficiency. Others seem to be losing ground in their efforts to feed their populations. Country-by-country estimates and projections of net food import needs (including food aid) versus the potential for net food exports would greatly facilitate food assistance program planning, and designing long-term policy guidelines for use of development assistance funds. The issues of development and trade would benefit from this analysis.

Means of Implementation: PDPR will prepare a reimbursable agreement with ERS/USDA. Most of the work will be done in ERS/Washington, but limited travel cannot be excluded.

22. New Project Narrative

Technical Support

FUNDING: FY 1985 - \$15,000; FY 1986 - \$20,000

PURPOSE: The project will provide, efficiently and quickly, information on AID's activities, policies and priorities to the Congress, AID staff and the public.

PROJECT DESCRIPTION: This project provides contractual support services for various large-scale, ongoing activities of the Division. For example, the annual Development Issues document, which is Congressionally mandated, reports on the status and accomplishments of U.S. assistance policies and programs for the preceding fiscal year. It is prepared by the member agencies of the Development Coordination Committee under the coordination and overall responsibility of PPC staff. It consists of a main volume of approximately 200 pages and four statistical annexes. Outside expertise will be required to gather information and design the presentation of material in a timely and useful manner, so that the current status of U.S. issues and program priorities affecting developing countries will be available to decision makers.

Additionally, PDPR/SPD is responsible for the distribution of Policy Papers and Policy Determinations to AID/W staff, USAID's and outside organizations and individuals. Ongoing requests are also the responsibility of PDPR/SPD. SPD proposes to work with PPC/DIU to develop a contractual arrangement to ensure consistently accurate and timely dissemination of basic policy documents and amendments to existing policy guidance.

Alternative approaches to preserving, publicizing and disseminating policy guidance will be explored, e.g., National Technical Information Services; AID Document and Information Handling Facility.

RELATIONSHIP OF PROPOSAL TO MISSION AND OTHER AID ACTIVITIES:

The early distribution of policy documents to designers and implementors of AID assistance will ensure projects are developed in line with Agency priorities and policies.

Human Rights 930-0086

23. Ongoing Project Narrative

Human Rights

FUNDING: FY 1985 - \$400,000; FY 1986 - \$400,000

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

BACKGROUND: Section 116(e) of the Foreign Assistance Act authorizes AID to use not less than \$3 million to promote human rights. Since FY 1978, AID has been encouraged by Congress to support a positive approach to human rights. PPC has the key role in assuring that the Agency meets its minimum target. A basic policy tenet is to utilize the funds to the greatest extent possible in less developed countries themselves, and in activities which directly benefit the people in their countries.

PROJECT DESCRIPTION: See revised Human Rights guidelines for full description.

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

1. Research and discussion on civil and political rights.
2. The awareness of civil and political rights.
3. Adherence to the rule of law through a legal framework conducive to civil and political rights.
4. Free and democratic electoral systems.

5. Development of democratic principles and institutions that promote human rights.
6. The development of human rights organizations.
7. The increased access of women and ethnic groups, to the judicial system and to political processes.

In FY 1984 human rights funds were used to develop guidelines for the monitoring of international elections and to set up an international data base for human rights information.

RELATIONSHIP OF PROPOSAL TO MISSION AND OTHER AID ACTIVITIES:

The project supports initiatives by Missions and Regional Bureaus. To the greatest extent possible, project funds are to be used in less developed countries themselves and often funds are transferred to the Regional Bureaus for country specific activities. The South African Human Rights Program, designed "to promote political, economic, social, juridical and humanitarian efforts to foster a just society and to help victims of apartheid", was established in FY 1984. Grants under this program will fund organizations or activities which contribute to promoting the priorities noted above. Generally, individual grants will not exceed \$10,000.

MAJOR OUTPUTS: Increased adherence to human rights.

Refugees 930-0090

24. Ongoing Project Narrative

Refugees Assistance

Funding. FY 85 \$30 FY 86 \$50

Purpose. To provide information for the development of effective assistance policies.

Background. In recent years greatly increasing numbers of refugees are remaining in the country of first asylum and need to be incorporated into the development plans of the host country and AID. Congress has shown interest in providing refugee assistance by authorizing \$30 million in FY 82 in no-year finding for self-sufficiency and resettlement activities for African refugees. Another \$15 million was authorized in FY 83 to be obligated by the end of FY 85.

In FY 85 PPC commissioned a study by the Refugee Policy Group of long-term, self-sufficiency African rural settlements. This study will be useful to assistance agencies in determining appropriate policies and types of assistance needed to promote refugee self-sufficiency and productivity.

The Second International Conference on Assistance to Refugees in Africa (ICARA II) will be held in July, 1984 to review the requirements for additional refugee support and consider how African countries can meet the burden placed on their economies by refugees. The U.S. will attend the conference. Currently, AID Missions are reviewing the projects being put forward for funding by the African governments. It would be helpful to provide guidance to the Missions for their review.

Project Description. To evaluate past efforts by others, including international agencies, governments, and private organizations, on medium and long-term resettlement activities and to develop ways to promote increased self-sufficiency and productivity among refugees.

Relationship of Proposal to Mission and Other AID Activities. Projects would provide guidance to Missions in countries with refugees so that refugees would become productive and integrated into development programs.

Institutional Development 930-0097

25. Ongoing Project Narrative

Social and Institutional Profiles

Funding: FY 85 \$200 FY 86 \$150

Purpose. To allow PPC, in conjunction and collaboration with the regional bureaus, to conduct an experiment in social and institutional appraisals; to improve the Agency's ability to identify, analyze, and frame responses to issues of a socio-economic, political, and institutional nature; and to improve the content of Agency policies and strategies in the areas of institutional development and social analysis.

Background. There is recognition within missions and within A.I.D./Washington that present methods of incorporating country-level socio-economic and institutional data into the project and program development process is largely inadequate. Additionally, it is recognized that project-level social and institutional analyses are encumbered by the necessity to reiterate regional and country-level social and institutional

information, and are therefore more expensive and less immediately relevant to projects than is desirable. Further, A.I.D. needs to improve its capacity to assess patterns of institutional performance in key sectors (and across sectors) in host countries, and needs to evolve policies and strategies that are conducive to effective institutional development.

A.I.D.'s policy paper on institutional development notes that our understanding of how institutional development may be effectively promoted is very weak, and recommends field-relevant, policy-oriented research in this area. This project follows upon that recommendation.

Project Description. This project is designed to improve our understanding of key variables affecting populations in A.I.D.'s host countries, including social, economic, political, and institutional considerations, and to do so in a way that makes the information immediately useful for country development strategy formulation and project identification.

The project allows, on a collaborative and cost-sharing basis between PPC and the regional bureaus, the implementation of an experiment in social and institutional profiles (or appraisals) in each regional bureau. Beginning in FY 1984, the project also provided for policy-relevant operational research, conferences, and the preparation of state-of-the-art papers addressing the policy dimensions of social and institutional issues identified in the ongoing appraisal program. The project is expected to have implications for changes in the content of CDSS analyses, and for the way in which A.I.D. undertakes project level social and institutional analyses. It will also facilitate the planning of programs and the development of strategies at the country/mission level which will be more responsive to ongoing indigenous patterns of production and investment, and which can successfully address issues of an institutional nature.

Profiles are carried out in countries where missions have volunteered to undertake them, after scopes of work have been reviewed by an A.I.D./Washington inter-bureau working group and approved by PPC. Teams to carry out profiles are comprised of A.I.D./Washington social scientists, mission personnel, and U.S. and host country topical experts. The estimated timeframe for each profile in terms of in-country work is two months. In the first year of project activity (FY 1982), PPC supported 80%-90% of the costs of each profile. During FY 1983, PPC shared the costs of profiles equally with regional bureaus and/or missions. In FY 1984 and subsequent years PPC's share of financial responsibility will continue to decline gradually to ensure that work done reflects genuine field interest.

In addition, a portion of FY 1985 funds will be used to fund a conference at which participating missions, senior A.I.D. managers, and Agency social scientists will review the first two to three years of activity and identify lessons learned and directions to follow in subsequent efforts to consolidate the results of the profiling experience.

Progress and Activity to Date. In FY 1982, the first year of project activity, seven appraisals were done in the Philippines, Honduras, Yemen, Somalia, Kenya, Oman, and Niger. In FY 1983, appraisals were done in Uganda, Tanzania, Ecuador, Jamaica, and Haiti. In FY 1984 appraisals are being done in Malawi, Guatemala, Liberia, Cameroon and elsewhere as funds permit. FY 1985 plans already include Cape Verde and the Dominican Republic.

Major Outputs Over Life of Project. 20-25 country/regional social and institutional appraisals; a series of papers assessing social and institutional aspects of development issues in a number of key A.I.D. sectors; a series of papers exploring strategies in institutional and social development from a variety of disciplinary and inter-disciplinary perspectives; and the generation of policy guidance on Agency approaches to social and institutional analysis.

Beneficiaries. The field missions and their host country planning counterparts will be the direct beneficiaries of the outputs of the project. However, since the project is specifically designed to improve the Agency's ability to identify and more accurately and adequately reach target groups in host countries, the anticipated beneficiaries of A.I.D. strategies and projects in host countries around the world constitute the ultimate, indirect beneficiaries of this project.

Current Program, FY 1985 and 1986. In these years we expect to provide additional support to the appraisal program, which will be altered somewhat, consolidated, and formalized as a result of the planned FY 1985 evaluation conference. The cost-sharing basis will decline to about 40% from PPC and 60% from participating missions/bureaus. Probably four to six missions will continue to commission appraisals each year. In addition, we expect to undertake a series of supplementary activities to deepen the Agency's understanding of social and institutional issues in development. Below are outlined the various activities planned in FY 1985 and 1986, together with preliminary estimates of costs involved.

FY 1985 Program Costs.

930-0097.1 Social and Institutional Appraisals. There should be four to six of these, which tend to cost about \$80,000 each. PPC's share will come to about \$100,000.

930-0097.2 Evaluation Conference. This will be done late in the fiscal year when about 12 country appraisals will have been published in final form. The conference will require the services of a contractor for logistical and administrative support, and will also entail travel expenses to bring A.I.D. mission staff in from the field to participate. PPC/E allows about \$100,000 to finance similar efforts in their evaluation series and so the preliminary estimate for the Appraisal Evaluation Conference is set at \$100,000.

FY 1986 Institutional Development Program

930-0097.1 Social and Institutional Appraisals. There will be about four to six of these, at a cost of \$150,000 as in the FY 1984 and FY 1985 programs.

26. New Project Narrative

Determinants of Institutional Development

Funding. FY 85 \$75 FY 86 \$100

Operational Research. There will be two or three case studies to appraise on-going, successful institutional development efforts in sectors or geographical areas where A.I.D. has an interest, so that emerging lessons learned about successful operational strategies can be quickly incorporated into Agency policies. Potential studies include the East Africa Institute of Management and Administration, which is still a viable entity some years after the demise of the East African Community, the parent organization; INCAP in Central America; the agricultural cooperative movement in Uganda; and small farmer credit institutions in Latin America. Cost of each operational research effort is expected to be similar to the cost of single Social and Institutional Appraisals, and we also expect to continue the cost-sharing approach to ensure the work done is relevant to missions/bureaus.

Special Issues in Institutional Development. Institutional development has been defined as a major A.I.D. priority for the 1980's, but much basic groundwork remains to be done in fleshing out the concept operationally. Over time, the S&T Bureau can be expected to generate support services in this area, but there is a need for flexible, timely, precisely-focused investigations of policy-related issues in institutional development that can be conceived, initiated, and inserted into on-going Agency policy and program development processes with some rapidity. Hence, we expect to fund three to six short state-of-the-art assessments of institutional issues such as:

-- a comparison of the value and application of institutional development approaches developed by leading representatives of appropriate disciplines, such as business management, political economy, institutional economics, public administration, and rural sociology. The purpose would be to formulate an A.I.D. operationally-oriented synthesis of the best thinking emerging in these complementary areas of emphasis.

SHELF PROJECTS

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