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10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	1085		1085	2800		2800
(GRANT) FN	1085		1085	2800		2800
(LOAN)						
OTHER U.S. 1.						
2.						
HOST COUNTRY						
OTHER DONOR(S)						
TOTALS	1085		1085	2800		2800

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 80		H. 2ND FY 81		K. 3RD FY 82	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	301	340		1085		227		400	
(2)									
(3)									
(4)									
TOTALS				1085		227		400	

A. APPROPRIATION	N. 4TH FY 83		O. 5TH FY 84		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULE MM YY
	D. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) FN	400		400		2800		
(2)							
(3)							
(4)							
TOTALS	400		400		2800		

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

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Project Paper

CONSUMPTION EFFECTS OF AGRICULTURAL POLICIES

Office of Nutrition
Bureau for Development Support

June 1981

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I. RECOMMENDATION

DS/N recommends that, subject to the availability of funds, funding in the amount of \$1,715 million be authorized to support the further implementation of this project as follows:

FY 1981	\$ 227,000
FY 1982	400,000
FY 1983	400,000
FY 1984	400,000
FY 1985	288,000
	<u>\$1,715,000</u>
Plus funds obligated in FY 1980	1,085,000
Total Project Funding Authorization	<u>\$2,800,000</u>

food and The "Consumption Effects of Agricultural Policies" (CEAP) project was initiated in FY80 by the Office of Nutrition (DS/N) as a major element of the Agency's strategy to help meet the basic needs of the poor and to improve the quality of life in the developing countries. The specific purpose of the project is to encourage developing countries to develop national agricultural planning systems that are conducive to improved national levels of consumption and nutrition. *individual*

Food One million eighty five thousand dollars in AID funds ~~was~~ *were* obligated in FY80 to fund the series of activities scheduled to begin during the project's first year. This was done with the understanding that no additional funds would be authorized until this present document, a revised Project Paper (PP), could be prepared which incorporated the suggestions made by the Regional Bureaus during their review of the original PP (issued in September 1978).

1.715 This revised PP has recast the project in keeping with the needs of the USAIDs and Regional Bureaus for much more direct field support of their individual country programs. For example, of the \$1.715 million remaining to be authorized for obligation in FY81-FY85, over 40 percent will be used for short-term policy impact evaluations in developing countries and over 30 percent will be used to provide technical assistance in response to USAID and host country needs. The remaining funds will be divided among state-of-the-art papers and other methods reviews, and seminars, workshops and an information network.

II. SUMMARY PROJECT DESCRIPTION

A. Background

The Agency for International Development is committed to helping meet the basic needs of the poor and to improving the quality of life in developing countries. Among the most basic of human needs is the need for a nutritionally adequate diet. The degree to which populations have access to such diets is significantly affected by policies concerned with agricultural production and land use, by price and trade policies, and by other food and agricultural policies and programs. Therefore, one of the most important things that can be done by countries wishing to improve the diet of their people is to improve the consumption or nutrition benefits of such programs and policies.

Problems of malnutrition have traditionally been ~~dealt~~ *approached* with through the use of direct nutrition intervention programs. However, the limited success and high costs of these programs has limited their widespread use. During recent years it has also become increasingly clear that nutrition intervention programs often treat the symptoms of the problem without treating more basic causes such as government and private sector policies which discourage food production and/or limit people's access to food through limiting their access to resources, employment and/or income.

Yet most government economic policies, even agricultural policies, are formulated, implemented and changed with little consideration for their ultimate impact on people's consumption and nutrition. Often this occurs through ignorance or neglect more than design. Country plans may include nutrition objectives, for example, but planners and analysts lack understanding of how economic policies and programs affect people's consumption patterns and nutrient intakes. More often than not, economic policies are adopted to achieve a given economic or political goal with little explicit consideration given to the consumption consequences of such policies. For example, agricultural policies may have the objective of maximizing foreign exchange earnings or gaining self-sufficiency in a given crop. Programs are implemented to achieve these goals with little thought about how they affect the diets of the population.

This is changing, however, and people are becoming more aware that government economic policies can have major consumption/nutrition effects. For example, research on the nutrition effects of government policies was identified as one of twenty priority research areas by the 1977 National Academy of Sciences' (NAS) "World Food and Nutrition Study." The study specifically recommended that comparative studies be undertaken of the experiences of different countries with different policies. Simple models, the study concluded, also need to be developed for predicting and evaluating the effects of program and policy interventions.

AID too has expressed a concern that the nutritional status of the urban and rural poor may be more affected by the range of government policies and programs than by direct nutrition interventions. A paper entitled "AID's Responsibility in Nutrition," approved by the Deputy Administrator in April 1977, described this concern and recommended that the Agency devote more attention to improving the consumption/nutrition benefits of development programs, particularly those in the agricultural sector. The NAS study identified this area of policy improvement as a research priority. "AID's Responsibility in Nutrition" presented it as an "operational initiative." Research to gain more understanding about the consumption/nutrition effects of agricultural policies is only a first step. AID's objective is to develop and make operational within AID and developing country planning units techniques for taking what is known about a policy's effects on incomes and prices and predicting what will happen to people's consumption patterns and nutritional intakes. This project is designed to further this operational emphasis.

This initiative is consistent with the Office of Agriculture's (DS/AGR) interests in improving agricultural planning and policy analysis. Adding consumption considerations to agricultural planning logically is an integral part of its objective to help countries "clarify the consequences of existing development patterns and identify feasible and consistent strategies and policies for assisting target groups." This initiative is also consistent with AID's "Agricultural Development Policy" strategy paper which makes a link between the goal of increasing food supplies and the goal of raising individual incomes. The twin objectives expressed in this strategy paper are not just to grow more food but "to get more food into the hands of hungry and malnourished people." The number and range of intervening factors--prices, jobs, physical accessibility to markets, food habits, social systems, health, policies--make the task of achieving these two goals a more difficult one. The CEAP initiative also complements the Office of Rural Development's (DS/RAD) interest in looking at the backward and forward linkages of the agricultural sector and how development in the agricultural sector affects other dimensions of rural development and the well-being of rural people.

USAID and country interest in the project also appears strong. Sixteen USAIDs in three geographic regions responded favorably to the initial cable asking countries/USAIDs whether they were interested in participating in the short-term policy impact evaluations. Short-term policy impact evaluations have now been initiated in five countries, and related technical assistance has been provided under the auspices of DS/N's Nutrition Economics RSSA with the U.S. Department of Agriculture (USDA) to 14 countries (See pages 10-14 and pages 16-21 for further details).

This project is also part of a broader strategy for encouraging countries to incorporate consumption/nutrition goals into their agricultural development planning. Efforts will be

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made by DS/N to encourage all external aid agencies (the development banks, the United Nation (UN) agencies, other bilateral agencies) to restructure their own programs to meet consumption goals and to require that countries requesting assistance in food and agriculture demonstrate how their policies are designed to improve food consumption by the poor. Such a strategy should help to strengthen those voices within developing countries, now usually a small minority, which strive for a more equitable distribution of resources. It should also help to add credence and respectability to the concept by underscoring the universality of the practice.

B. Project Concept

1. Goal and purpose

The project goal is to improve the nutritional well-being of the poor in developing countries. Achievement of the goal is predicated on the assumption that governments will be willing and able to integrate the data collection and analysis methods developed under this project into their agricultural planning systems and that they will be willing to implement the substantive policy findings that result from their utilization.

The purpose of this project is to encourage developing countries to develop national agricultural planning systems that are conducive to improved national levels of consumption and nutrition. Achievement of this purpose is predicated on the assumption that most developing countries already have some type of agricultural planning system whose scope of activities can, with guidance and marginal amounts of technical assistance, be expanded to include consumption/nutrition concerns.

2. Strategy and overview of activities

To begin with, developing country policy makers and planners need to be encouraged to start thinking of improved consumption and nutrition as legitimate goals of their agricultural sectors and ones which need to be considered when evaluating policy alternatives. Developing country planners also need to be helped in obtaining the means for incorporating consumption and nutrition goals into their planning processes by gaining better analytical methods, data, and the knowledge of how to use both.

Most developing countries have already established some type of agricultural planning system which focuses on objectives such as increasing production, foreign exchange, income and employment. What is needed to make these systems more effective in combating malnutrition is for developing country planners and policy makers to add (1) nutrition variables to on-going planning and policy analyses; (2) nutritional observations to existing agricultural data collection systems; and (3) staff (or train existing staff) with training in nutrition planning and/or consumption economics to their agricultural planning establishments. This project is designed to provide assistance in all three areas.

Personnel having

More specifically, the Consumption Effects of Agricultural Policies (CEAP) project is designed to:

- (1) develop better methods for determining in advance the probably effects that various economic policy choices will have on people's food consumption patterns and nutrient intakes;
- (2) test and demonstrate the validity and utility of these methods by observing them at work in several developing countries;
- (3) disseminate information concerning these methods to developing country planners;
- (4) encourage planners to adopt and use these methods in formulating economic policies that give careful consideration to nutrition/food consumption effects; and
- (5) provide technical assistance to help countries incorporate these methods into their agricultural planning systems.

The project was designed to develop analytical methods relatively quickly. This will be done through a series of eight to twelve short-term policy impact evaluations undertaken in selected developing countries. These evaluations will begin to explore and systematically analyze the linkages between agricultural policies and consumption and nutrition. In the process of carrying out these evaluations, analytical methods will be developed/adapted and refined.

(or "studies")

This reflects the basic strategy which is to develop/adapt the methods needed to determine the consumption/nutrition impacts of agricultural policies in developing countries as well as test them there. To ensure that the planning methods developed as a result of the project will be relevant to and capable of being replicated in a broad range of developing countries, project activities will be located in a number of countries carefully selected to represent a range of planning and policy needs and levels of planning capacity.

Methods development is only the first step, however. Equally important to project success is evidence that these methods can be adapted to the policy formulation needs of developing country planning systems and evidence that they can and will be utilized. Working with planners and analysts in several developing countries to test these methods-- i.e. to demonstrate their utility and feasibility of tying them into on-going planning systems--is the next step. Approximately 25 percent of project funds are earmarked for technical assistance to countries wishing to undertake consumption impact analyses themselves and in the process test the methods developed during the short-term policy impact stage. Success in this second stage is less certain, however, since developing the necessary collaborative relationship to test these methods in developing country planning systems requires more interest on the part of governments in determining the consumption/nutrition impacts of their policies and a greater commitment of their resources.

The short-term policy impact evaluations will be used to encourage policy makers and planners in the participating countries to start thinking of improved consumption and nutrition as legitimate goals of their agricultural sectors. Policy issues *for study* ~~were~~ selected in consultation with government planners and analysts to insure relevancy and encourage country receptivity to the resulting policy guidance. Countries participating in these evaluations, however, have no prior commitment to utilizing the results of the evaluations or the analytical methods developed. Nor are sufficient time or resources built into these evaluations to institutionalize the analytical methods developed into participating country planning systems or to strengthen participating country planning systems.

have been and will be Contractors, however, are expected to interact to the maximum extent possible with the USAIDs, host government planning units and research institutions in the countries selected for case studies to maintain their interest and receptivity. Seminars will be held in each participating country to discuss the policy implications of the evaluations with planners and decision makers and the data collection and analysis methods used with planners and analysts. Country planners and analysts will be encouraged during the seminars to plan for follow-up activities. Countries and USAIDs will be informed during these seminars and in letters and cables about the availability of technical assistance if they are interested in gaining additional knowledge about or assistance in using the analytical and data collection methods developed.

Thus with proper planning and encouragement, the short-term policy impact evaluations are expected to lead to the development of a longer term collaborative relationship with several countries where TDY consultants collaborate with host government personnel on a major policy analysis program. These collaborative activities are expected to provide the major means by which the analytical methods developed under the auspices of the project are adapted to, and tested in, developing country planning systems. These activities will also assist collaborating countries improve their agricultural planning processes by helping country policy makers and planners better understand the linkages between agricultural policies and programs and food consumption and nutrition. These activities will also help institutionalize the analytical methods developed, and otherwise strengthen the existing planning system. The advantage of this approach is that it provides some built-in flexibility which means that the project can be more responsive to USAID and country needs.

Criteria to be used in selecting countries to participate in the short-term policy impact evaluations include whether (1) a major agricultural policy change has occurred or is anticipated which could have consumption/nutrition impacts; (2) the country/USAID indicates an interest in the results of the evaluation; and (3) the country has a food/nutrition problem. Criteria to be used in deciding whether to develop a longer term collaborative relationship with a country include whether (1) the country

recognizes it has a food/nutrition problem and appears receptive to doing something about it; (2) the country has an agricultural planning/policy analysis system which could benefit from marginal amounts of technical assistance; (3) country planners and analysts appear interested in expanding their knowledge about the consumption/nutrition impacts of their country's agricultural policies and desirous of improving their capability to undertake consumption/nutrition impact analyses; (4) the USAID is interested, i.e. the activity supports USAID agricultural planning and policy objectives; and (5) the USAID and/or country is willing to commit some personnel and financial resources to the activity.

The potential for developing a longer term, collaborative arrangement and its successful implementation is likely to be highest in countries demonstrating a continuing, long-term commitment to improved agricultural planning. The existence of a USAID supported agricultural planning project is also likely to increase the chances of success. Such USAID supported activities are either underway or in the design stage in four of the five countries presently participating in the short-term policy impact evaluations. USAIDs in these cases can use CEAP technical assistance to complement the resources they are funding directly, to add this additional dimension to the assistance being provided or to help insure that the country develops a data analysis capability in an area that is not receiving sufficient resources under the USAID project.

Working out the arrangements required to actually adapt and test analytical methods in a developing country planning system can take months, if not years. Agreement, ~~after all~~, has to be reached among several parties on objectives, tasks, respective contributions, etc. The considerable amount of time and effort required to develop such collaborative activities was, in fact, one of the major reasons for designing the project so that collaborative arrangements necessary for testing the methods in developing country planning systems could be developed during the project itself.

Considerable importance was attached to insuring that the feasibility of utilizing methods for analyzing the consumption impacts of a country's agricultural policies was adequately tested in at least one developing country planning system. This meant building at least one such test directly into the Project Paper. Negotiations for such a test began in 1978, very early in the design stage of this Project, with the Center for Studies of Economic Development and Integration (ECID) of the Central American Common Market Secretariat (SIECA) and the Government of Honduras. Other countries with whom similar discussions were held include the Dominican Republic and Thailand. ECID's proposal was approved by AID's Research Advisory Committee (RAC) and the necessary agreements were reached with ECID, the Government of Honduras, USAID Honduras and AID's Regional Office for Central America and Panama (ROCAP). The activity was funded in FY80 and initiated in Honduras in FY81. (See pages 14-16 for more details.)

Tasks to be completed during the two year^s life-of-the-project include (1) the development and testing of analytical methods for evaluating the consumption/nutrition impacts of Honduran agricultural policies; (2) a demonstration of the utility of these methods to Honduran planners and decision makers; and (3) the dissemination of information about these methods (and how to use them) to planners and decision makers elsewhere in Central America. Special steps are also being taken to insure that the results of the sub-project will be internalized into the Honduran agricultural planning system: the Honduran Government is providing counterparts to the project director and principal investigators; additional resources are built into the project to provide for in-service training for Honduran staff; and, a technical coordinating committee and a policy advisory committee with strong government membership are also being established.

In designing the CEAP Project, a deliberate attempt was made to reach a large number of countries with the message that the consumption/nutrition impacts of their agricultural policies are important issues and deserve consideration when evaluating policy alternatives. This will be done through the short-term policy impact evaluations, the seminars and information network. However, it was also recognized that the message is more likely to be believed and acted upon if it can also be demonstrated that planning methods can be developed which are useful to and capable of being utilized by developing country planners and analysts. Thus some resources were also set aside to test and demonstrate the utility of these methods in a smaller number of more carefully selected countries.

C. Expected Outputs

The eight to twelve countries participating in the short-term policy impact studies will receive detailed analyses of the likely consumption/nutrition impacts of the specific government policies under examination. Planning methods (simple as well as more complex) for measuring the consumption/nutrition impacts of agricultural and other development policies will be developed and field tested. Information on these techniques and knowledge of how they are to be used will be transferred to developing country planners and policy analysts through a series of expert consultancies, seminars, workshops and an information network.

Decision makers in all participating countries should be made more aware of the desirability of considering improved consumption/nutrition as one of the goals for the ~~the~~ agricultural sector and the need to consider consumption/nutrition impacts when evaluating alternative agricultural policies. Agricultural planners and analysts in countries participating in the short-term policy impact evaluations should at the minimum have a rudimentary knowledge of the data collection and analysis methods used in the impact evaluations done in their countries. Planners and analysts in countries electing to enter into a longer term collaborative arrangement under the CEAP Project will be much more knowledgeable about the methods and their use to the point of being able to apply the methods themselves.

Internalization of these methods in developing country planning systems is the most important output of the project. Internalization, however, implies that country analysts and planners will be capable of applying the methods developed, adapting them as necessary to changing conditions and providing decision makers with reliable results on a timely basis. Given the limited resources available under the CEAP Project, resources sufficient to achieve this objective will be available from the Project for one country only--Honduras. Internalization will be one of the objectives of the other collaborative activities, but success in these cases will depend on whether sufficient commitment and complementary resources will be forthcoming from the participating governments and USAIDs. Successful internalization in even a few countries, however, should provide a strong influence on the practices of other countries.

III. DETAILED PROJECT DESCRIPTION

A. Short-Term Policy Impact Evaluations

A series of short-term, in-depth analyses of the consumption/nutrition impacts of selected agricultural policies will be initiated during the first three years of the project in a small number of developing countries to identify and test a range of analytical techniques. These evaluations will begin to explore and systematically analyze the linkages between selected agricultural policies and the food consumption patterns and nutrient intakes of groups likely to be at risk of malnutrition in these countries. They will deal with the way such policies affect the amount and type of food available to these groups, their incomes and prices. They will also deal with the way these groups alter their consumption patterns and nutrient intakes when their incomes and prices change.

These evaluations will help identify the kinds of technical problems involved in undertaking such analyses. They will provide some preliminary policy guidelines which should be of immediate and direct use to the specific countries involved in the evaluations. Analytical guidelines will also be developed which should be of use to others wishing to undertake similar analyses.

These evaluations are meant to be exploratory, however, in recognition of the large number of variables which are likely to affect people's consumption patterns and the complex relationships among them. Most are expected to raise new issues as well as provide only partial or tentative answers to some of the original questions raised. The need for follow-up has been anticipated, however, both to help countries better understand the consumption/nutrition impacts of these policies as well as to help them develop the capacity to undertake these evaluations themselves (see following section on technical assistance).

The evaluations are deliberately designed to be carefully focused and to be completed in a relatively short-period of time (meaning six months to a year in length from start to finish). This will require analysts to use simple methods which can be applied in developing countries with very limited human and data resources as well as in developing countries more favorably endowed. This was also done to demonstrate what can be learned about a policy's consumption/nutrition impacts within a time frame more akin to that faced by policy makers and planners than by academicians.

The aim is to give analysts time to begin to understand and quantify the relationships between agricultural policies and food consumption without the delay and expense of large scale surveys or complex analytical methods. As a result of the time constraints built into these evaluations, analysts will have to rely primarily on data already collected, supplemented by their own observations and personal interviews. Where collected data are lacking, analysts will be expected to explore nonconventional but accessible data sources, in the interests of identifying those simplified alternatives available to policy analysts and

planners in developing countries. Analysts also will be expected to experiment with a variety of relatively simple analytical techniques--new techniques as well as those already used by economists, sociologists, anthropologists and nutritionists. At the end of the contract, they will also be expected to comment on the suitability of the techniques selected given various types of data and time constraints.

The first set of evaluations began in FY81 in six countries--Jamaica, Cameroon, Senegal, Botswana, Sudan and Tanzania (see Table 1 for additional information on contractors, length of study, host institutional contacts, etc.). Before field work could be initiated in Botswana, however, the USAID decided that it no longer wanted to participate in the evaluation. Therefore, several alternative study sites in Latin America are now under consideration.

Additional evaluations will be initiated in FY82 in four primarily Asian and/or Latin American countries. Scopes of work were also prepared in FY80 for Costa Rica, Bolivia, Paraguay and Liberia which could be ~~resurrected~~ ^{reactivated} if conditions change. Plans are to follow the same procedures in designing the second set of evaluations as were followed with the first: cables will be sent to selected developing countries describing the objectives and focus of the short-term policy impact evaluations; design teams will be sent to countries expressing an interest in participating in the evaluations to explore the nature and scope of USAID and country interests; scopes of work will be drafted in collaboration with USAID and host country personnel where sufficient interest exists and an appropriate policy focus can be identified.

Countries were and will be selected, and evaluations designed to represent a range of policy types and methodological approaches. (See page 6 for a discussion of the criteria to be used in selecting countries.) Major policy issues which will be dealt with during the first round of evaluations, for example, will include the promotion of food self-sufficiency, the trade-offs between the promotion of export crops versus food crops, how to deal with the increased demand for food generated by rapidly growing urban populations and/or export markets. Although each evaluation was designed to be of particular relevance to the individual country involved, the major issues being addressed are also important and therefore should have some relevance to a larger number of developing countries.

A brief description of the policy environment in each of the five countries and the specific focus of the evaluation follows:

CAMEROON: The Cameroonian Government recently announced a policy of encouraging trade with Nigeria. This policy initiative includes improving the feeder roads serving the border areas of Northwest Cameroon as well as lifting restrictions on agricultural exports to Nigeria. The evaluation will estimate the probable impacts of such a policy on agricultural production in Northwest Province and on the incomes and food consumption patterns of low income farmers.

[refer to Table I]

TABLE 1
Short-Term Policy Impact Evaluations Currently Underway

<u>Country</u>	<u>Contractor*</u>	<u>Policy Being Examined</u>	<u>Host Institution</u>	<u>Length</u>	<u>Person Months</u>
Sudan	RTI/IFPRI**	Elimination of wheat price subsidy; sorghum and millet substitution	Ministry of Planning	13	17
Tanzania	RTI/IFPRI	Reversal of previous policy to emphasize food crops vs. export	Market Development Bureau, Ministry of Agriculture	8	21
Cameroon	CRED	Opening of border with Nigeria to agricultural trade	Department of Studies and Projects, Ministry of Agriculture	6	21
Senegal	CRED	Promotion of increased food crop self-sufficiency	Senegalese Institute of Agricultural Research	6	18
Jamaica	DAC	Export promotion (sugar)	Ministry of Agriculture	6	23

* RTI, Research Triangle Institute, Raleigh, N.C.
 IFPRI, International Food Policy Research Institute, Washington, D.C.
 CRED, Center for Research on Economic Development, University of Michigan
 DAC, Development Assistance Corporation, Washington, D.C.

** RTI/IFPRI will undertake a third study in an alternate country still to be identified.

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[Why this order]

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JAMAICA: The Jamaican Government plans to promote the increased production and export of sugar to earn additional foreign exchange and reduce its debt burden. The Government also plans to encourage increased production of food crops as a substitute for food imports. The Jamaica evaluation will estimate the impacts of these two policies (export promotion and import substitution) on: net foreign exchange earnings, changes in the incomes and employment of farmers and the urban poor, and the implied changes in their food consumption patterns.

SENEGAL: In 1974 the Senegalese Government reversed its export oriented agricultural policy and began to emphasize food self-sufficiency. To decrease its dependency on external food sources, rice and wheat imports were restricted and the domestic production of rice and wheat substitutes, such as millet, were encouraged. Consumer price subsidies were also reduced and farm gate prices raised. The Senegal study will evaluate the impact of these policies on agricultural production, and the incomes and food consumption patterns of households in selected villages in the Peanut Basin.

SUDAN: Price subsidies on imported wheat were removed in 1979. Irrigated lands used for domestic wheat production are being returned to cotton production, under pressure from the International Monetary Fund (IMF). Wheat consumption has grown dramatically over the last decade, but could drop with the rise in price. Programs to encourage the substitution of wheat with domestically produced sorghum are being considered as part of an attempt to reduce the potential negative impact of the wheat price increase. The evaluation will estimate how different socio-economic groups were affected by the elimination of the wheat subsidy, and the potential for encouraging the substitution of sorghum for wheat.

TANZANIA: In 1974, the Tanzanian Government attempted to promote food self-sufficiency by directing agricultural policies toward food crop production and away from their previous emphasis on export cash crop production. Because of severe foreign exchange problems, the Government is considering reversing this policy. The evaluation will explore the effects of the 1974 policy shift on the consumption/nutrition status of low-income urban food buyers and farmers. The evaluation will also estimate the probable effects of reversing the emphasis on food self-sufficiency.

A preliminary report of findings and conclusions will be prepared for each evaluation, to be discussed during in-country seminars with senior-level policy makers as well as planners and analysts at the working level. After taking account of suggestions emerging from these discussions and those with concerned

USAID and AID/W officials, the contractors will prepare a three-part final report for submission to AID. The main body of this final report will cover all pertinent aspects of the study findings and conclusions together with the contractor's assessment of the extent to which they can be generalized to other developing countries. The second part will discuss the study methods and analytical techniques used, focusing particularly on their strengths and weaknesses. The third part of the final report will provide guidelines for others wishing to undertake similar analyses, including pertinent observations on techniques of data collection, manipulation, etc. These in-country seminars will also be used to plan for follow-on activities. These could take the form of technical assistance to utilize the results of the evaluation in USAID and government planning and design efforts, or a longer term collaborative arrangement during which a government planning unit would undertake similar evaluation(s) with outside guidance and assistance.

B. The Collaborative Sub-Project in Central America

One major collaborative sub-project was funded in FY80 to adapt and test methods for analyzing the consumption/nutrition impacts of agricultural policies working within a developing country planning system and to demonstrate the utility of these methods to the planners and decision makers in this system. The Center for Studies on Integration and Development (ECID) of the Central American Common Market Secretariat (SIECA) is undertaking this activity in collaboration with two institutions in the Government of Honduras--the National Planning Council and the Ministry of Natural Resources.

Honduras was selected as the site for this activity for several reasons: (1) the country is poor, and evidence suggests that people are malnourished; (2) the Government recognizes that malnutrition is a problem and seems willing to take some steps to deal with it--the Government has created a nutrition planning unit (SAPLAN) within the National Planning Council (COUSUPLAN), and both COUSUPLAN and the Ministry of Natural Resources have agreed to support the project; (3) much of the needed data is already available or will become available during the life of the project; (4) the proposed activities will complement the data collection and analysis and agricultural and nutrition planning activities already underway, financed by AID's Regional Office for Central America and Panama (ROCAP), the Honduras Mission and the Government itself.

Since a major purpose of this activity is to ensure that some of the methods developed under project auspices are actually tested and used in a policy making environment, the majority of the \$600,000 devoted to this activity will be spent in Honduras. The remaining resources (5-10 percent) will be utilized to disseminate information describing the methods developed and the results of the field trials of these methods to decision makers and planners elsewhere in Central America. The ultimate objective is to have the methodologies that are developed used by

[accurate acronym?]

those responsible for agricultural and nutrition planning in the individual Central American governments. Because of limited time and financial resources, efforts to achieve this objective will be concentrated in Honduras.

Policies which were initially identified by the Hondurans as deserving of in-depth analysis include: (1) pricing policies for producers and consumers for specific food commodities; (2) risk reduction policies such as credit, extension services and crop insurance; (3) promotion of technological gains in yields and nutrient composition of foods; (4) factor price subsidies (e.g. fertilizer or improved seed) with emphasis on access by marginal and subsistence farmers; (5) marketing policies affecting field losses, storage and marketing margins; (6) policies affecting the use of agricultural land; and (7) comparative investments for infrastructure and human capital development in the rural small-farm sector. Two factors--the first structural and the second fortuitous--are expected to increase the likelihood that these policy concerns remain a central focus of project activities. Provision has been made for project analysts to interact at least every six months with the heads of agencies concerned with the development of the agricultural sector so that project members can learn about the priority policy issues facing the country and how they are viewed by the various policy makers and the policy makers can learn more about the project and the policy implications of its current and projected outputs. The project director has first hand knowledge of the policy formulation process in Honduras, having served in several policy level jobs in the Government in the past.

One method to be adapted and tested in Honduras--an agricultural sector model disaggregated by different types of socio-economic groups--is relatively more complex and data intensive than the methods expected to be tested in the short-term policy impact evaluations. Experimenting with several more complex, data intensive methods was felt necessary for several reasons: to help substantiate the results obtained from the short-term policy impact evaluations; to provide a basis for comparing the relative reliability and cost effectiveness of more in-depth versus short-term policy impact analyses for meeting the priority needs of agricultural planners and policy makers; and to develop techniques which are compatible with the range of agricultural planning techniques already in developing countries. Agricultural sector models have already been experimented with in Honduras, for example, and techniques for adapting them to consumption/nutrition analyses, if cost effective, would have immediate applicability in other developing countries which already have a sector modeling capability, e.g., the Dominican Republic, Thailand, and/or the Philippines.

Specific sub-project outputs will include:

- (1) a description of income and expenditure patterns in Honduras by socio-economic groups, by region;
- (2) a description of food consumption patterns and implied nutrient intakes in Honduras, by socio-economic groups in three regions;

- (3) calculations of demand functions and income and price elasticities;
- (4) detailed computer models for at least one of the subregions in Honduras, an aggregate model for the remaining regions, and a national agricultural sector model which links together the subregional models;
- (5) analyses of the impacts of selected priority agricultural policies on the food consumption patterns of various socio-economic groups in Honduras;
- (6) machine-independent computer software for data handling and model construction;
- (7) interim reports, technical notes and published articles; and,
- (8) seminars for training technicians to use the analytical methods developed and for informing planners and policy makers about the nature and results of the project.

C. Technical Assistance and Field Support

Approximately 25 percent of the resources in this project will be devoted to providing technical assistance to countries/-USAIDs. This technical assistance will be made available for a variety of activities consistent with the purpose of this project. Technical assistance will be used to make the necessary links between the development of analytical methods and their testing in and utilization by planners and analysts in developing countries. Countries participating in the policy impact evaluations can request a consultant to help them utilize the substantive policy findings, for example. Participating governments will also be able to request consultants to advise their policy analysts and planners how to use the analytical methods developed in these studies and how to build the capacity to undertake such analyses on an on-going basis into their agricultural planning systems.

If countries are interested they can also elect to participate in a longer term collaborative relationship where TDY consultants will be made available over one or more years to work with host government personnel on a major policy analysis program. These activities will be used to assist collaborating countries improve their agricultural planning processes by helping country policy makers and planners better understand the linkages between agricultural policies and food consumption and nutrition. They will also be used to help and encourage developing countries develop the capacity to undertake consumption/-nutrition impact evaluations on an on-going basis.

Technical assistance will also be provided upon request to other countries to advise them on how to design and implement similar impact evaluations and/or how to build the capacity to undertake consumption impact analyses into their planning systems. Information on the methods developed under the project and

their utilization will be communicated to other USAIDs and developing countries through cables, dissemination of the country reports, descriptions of methods and analytical guidelines and participation in project seminars and workshops.

Technical assistance will also be available under the project to support training activities designed to upgrade the analytical capabilities of developing country planning staffs. Outside consultants can serve as trainers for regional or within country training projects or can help to plan, implement and evaluate training projects. These activities will complement the training of developing country agriculture and rural development project officers which is to be provided under the "Nutrition: In-service Training Project" scheduled for implementation in FY82

In order to build a capacity to undertake consumption/nutrition impact analyses in their existing planning systems, many countries will have to improve their data bases and/or upgrade the skills of their planners and analysts. Some countries, for example, decided not to participate in the short-term policy impact evaluations, opting instead to improve their data base first before launching into any detailed analyses of the consumption impacts of their agricultural policies. Other countries, having participated in the short-term policy evaluations, may decide that improving their consumption/nutrition data base is one of the steps required if they are to internalize the capacity to undertake consumption analyses on an on-going basis. Technical assistance is available for these countries under other AID funded mechanisms, like the Nutrition Economics RSSA with USDA, to help them design household consumption surveys, budget/expenditure surveys with a food consumption dimension and/or integrated rural data systems with a food consumption/nutrition component and to help them process and analyze the data which is produced by such surveys.

A variety of related kinds of assistance has already been provided under the Nutrition Economics RSSA with USDA (see Table 2). The Cameroon and Bolivia, for example, have received assistance with the design of a household consumption survey. This assistance covered field organization and logistics, questionnaire design, sample design and design of the data processing and analysis plan. In the Dominican Republic, on the other hand, the Central Bank had already designed and implemented a nationwide survey which collected information on households' incomes, expenditures, consumption patterns and selected socio-economic characteristics. It needed help processing the survey and with the design and implementation of an analysis plan. In Thailand, one consultant helped the USAID write the Project Identification Document for an agricultural planning project (an important precondition to the development of a successful collaborative relationship with that country) and a second consultant helped design a consumption/nutrition component into the project paper. In Sri Lanka a consultant assisted the Food and Nutrition Policy Planning Division of the Ministry of Plan Implementation with an evaluation of the consumption/nutrition impacts of the food stamp program of the Thripasha and school biscuit programs. In the

TABLE 2
 Technical Assistance Provided to USAIDs and Developing Country
 Governments Under the Auspices of the USDA Nutrition Economics RSSA

<u>Country</u>	<u>Purpose of Assistance</u>	<u>Person Months Provided</u>	<u>Type of Assistance Provided</u>
Sri Lanka	To prepare the Food Consumption/Nutrition impact component of a USAID agricultural sector assessment	1	Consumption Economist
	To help the Food and Nutrition Policy Planning division of the Ministry of Plan Implementation evaluate the consumption/nutrition impacts of school supplemental programs	2	Agricultural Economist/ Nutrition Planner
	To design, implement and analyze the data from an integrated rural survey including farm management, food consumption and nutrition status components	3	Agricultural Economist
Thailand	To help write the PID for a USAID agricultural planning project	1	Agricultural Economist
	To design a consumption/nutrition component for the USAID agricultural planning project paper and advise the agricultural planning office on its demand analysis work and the adequacy of its data base	1	Consumption Economist
<u>Latin America</u>			
Bolivia	To design a rural household consumption survey	2	Economist Statistician

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TABLE 2 (cont.)

<u>Country</u>	<u>Purpose of Assistance</u>	<u>Person Months Provided</u>	<u>Type of Assistance Provided</u>
<u>Africa</u>			
Burundi	To prepare the food consumption/nutrition impact component of a USAID agricultural sector assessment	1	Agricultural Economist
Cameroon	To design a national household expenditure/consumption survey, including designing the sample, questionnaire, processing plan and pilot test for the Planning Ministry	8	Data Management Analyst Survey Consultant Economist Statistician
	To collect and analyze data on food consumption, purchases and sales as part of a USAID evaluation of the marketing system in Northwest Province	3	Anthropologist
Senegal	To evaluate the goals and priorities of the USAID's programs and their impacts on food consumption and nutrition	1	Agricultural Economist
<u>Asia</u>			
Philippines (Malaysia, Indonesia, Thailand)	To develop a prototype curriculum for incorporating nutrition concerns into agricultural training programs in operation in Southeast Asian countries	6	Nutrition/Home Economics
Philippines	To assist the Food and Nutrition Research Institute with the analysis of the 1978 Food Consumption Survey data and to advise on the use of this data for national agricultural and nutrition planning (This is a follow-up to the 1980 Food Sector Strategy exercise.)	3	Consumption Economist

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TABLE 2 (cont.)

<u>Country</u>	<u>Purpose of Assistance</u>	<u>Person Months Provided</u>	<u>Type of Assistance Provided</u>
Dominican Republic	To estimate the impact of hurricanes 'David' and 'Frederick' on agricultural production, food availability and consumption	1	Economist Economic Geographer Agricultural Economist
	To evaluate the data from a household consumption survey and develop a plan for analyzing it	1	Economist
	To help the Central Bank process the household consumption survey data	9	Programmer
	To design a nutrition component for a government financed integrated rural development project	2	Nutritionist
Guatemala	To design a component for evaluating the consumption/nutrition impacts of the USAID Small Farm Diversification project	1	Agricultural Economist
Haiti	To develop, implement and analyze the nutrition component of a baseline socio-economic survey for an IBRD/FAO financed rural development project in Northern Haiti	3	Public Health Nutritionist/Survey Consultant
Panama	To design a component for evaluating the consumption/nutrition impacts of a USAID fish production project	1	Nutritionist/Nutrition Planner
Peru	To conduct a social soundness analysis for the USAID Central Selva Resource Management project, helping with the project identification and the design of a component for evaluating the project's social and consumption/nutrition impacts	2	Anthropologist
	To design the evaluation component for the Government's pilot food coupon program	1	Agricultural Ecc

Philippines a consultant worked with the Food and Agriculture Organization (FAO) and the University of the Philippines at Los Banos to produce a curriculum, class exercises and teaching aids designed to add a consumption/nutrition dimension to agricultural training in Southeast Asia.

Many of these activities were entered into with the objective of helping countries prepare themselves to undertake consumption/nutrition impact analyses (see discussion several paragraphs earlier). Others were designed to assist USAIDs improve their own programs by advising them on how to incorporate consumption/nutrition concerns into their program planning, sector analysis and project design and evaluation activities. Some others, like the Sri Lankan consultancy mentioned in the above paragraph, come close to the type of technical assistance to be provided under this project. These activities have helped demonstrate the nature of consumption impact analyses and gain support for the concept.

Some types of requests for technical assistance cannot be anticipated. For example, the Dominican Republic USAID made an urgent request in the Fall of 1979 for assistance in analyzing the impact of hurricanes 'David' and 'Frederick' on food availability and the food consumption patterns and nutrition levels of the urban and rural poor. The USAID used these analyses to develop a reconstruction project designed to balance the rebuilding of agricultural production capacity with the provision of food and thus minimize the effects of the drop in domestic food production and the loss of foreign exchange earnings. While most requests are not expected to be as urgent as this, the network of consultants and knowledge gained from the other consultancies undertaken will increasingly enable a quick and effective response to unanticipated as well as urgent requests.

A roster of professionals concerned with the consumption/nutrition effects of agricultural policies will also be developed and be made available to USAIDs, and through them to developing countries, as a planning resource.

D. Dissemination of Project Results

Project results will be disseminated using a variety of approaches, including expert consultancies, seminars and workshops, and the publication and dissemination of reports, manuals, research summaries and a newsletter. Results of the short-term policy impact evaluations, for example, will be disseminated to participating countries and USAIDs immediately upon their completion through reports and seminars. A report will be prepared for each country discussing substantive aspects of the evaluations findings and policy conclusions. Each contractor will prepare a report describing and evaluating the data collection and analysis methods used. At least one seminar or part of a seminar will be directed to a presentation and discussion of major findings with senior level policy makers and planners. Another seminar or part of the seminar will be devoted to the presentation and review of the analytical techniques used with planners and analysts at the

working level. These seminars will provide important feedback beginning toward the end of FY81.

At the end of the first round of short-term policy impact evaluations (mid-FY82), the contractors will be brought together to discuss their findings and experiences with each other and with selected AID/W, USAID and host government staff and other interested personnel. USAID and host government personnel, in particular, will be asked to evaluate the policy analyses and their relevance and to comment on the suitability of the analytical methods used in the evaluations and how they might be used in developing countries in general as well as in their specific country. The results of this discussion will provide guidance for the remaining activities scheduled under the project: what are the most promising methods, and how best to use the remaining technical assistance to test these methods and to help the collaborating countries develop the capacity to carry out such analyses on an on-going basis.

Some critical gaps in knowledge and methods are expected to be identified at this review (or during other more technical reviews which will also be organized). Approximately \$100,000 in project funds have been reserved for state-of-the-art papers, methods reviews and assessments, and the refinements of promising methods which are needed to close these gaps.

Several state-of-the-art workshops will also be organized to review and evaluate specific data collection and analysis methods. Possible topics include: a review and evaluation of alternative methods for collecting information on household food consumption; a review of selected agricultural sector models and an evaluation of their potential utility for analyzing consumption/nutrition impacts; a review and evaluation of the theoretical foundations for, and recent experiences, using cross sectional survey data to estimate income and price elasticities (analytical techniques in use in developed countries for predicting changes in food consumption patterns given changes in household incomes and prices); a review of selected farm household firm models and evaluation of their use or potential use for improving our understanding of and eventually predicting the consumption behavior of farm households.

These workshops will also be used to provide an opportunity for participating country personnel to share experiences and for planners and government analysts to interact with other professionals working on related issues. Participants will also be invited from academia, national and international research institutes (like the International Food Policy Research Institute) and the international donor community.

As activities (and sub-activities) are completed, various reports, including guidelines for undertaking consumption/nutrition impact analyses and how to use them, will be published. These will be widely distributed to prospective users. This will be done through special mailings as well as through the AID Report Distribution Center. A newsletter summarizing project reports and other relevant work will be prepared periodically to keep practitioners and researchers informed.

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Countries participating in CEAP activities will receive these reports ~~and newsletter~~ as a matter of course. Other USAIDs will be queried by cable as to their interest or the interest of their government counterparts in receiving the ~~newsletter and/or~~ reports. Participating USAID's/countries will be given preference during the selection of participants for seminars and workshops. Other USAID's will also be queried as to their interests and the availability of suitable candidates.

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IV. PROJECT ANALYSIS

A. Technical Analysis

1. Proposed methods

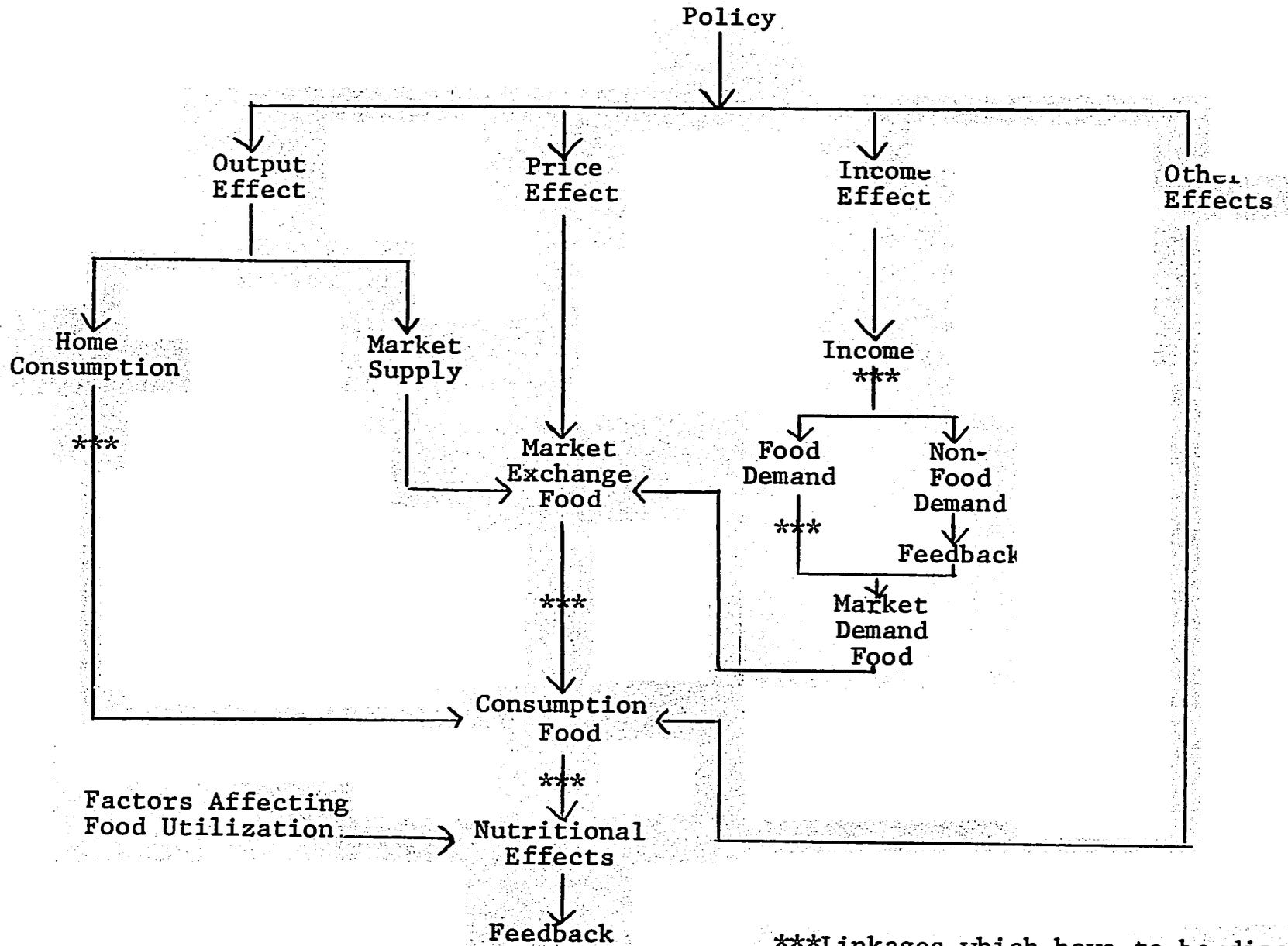
This project is designed to develop analytical methods which can be used by developing country planners and analysts to evaluate the consumption/nutrition impacts of alternative agricultural policies. Because the objective is to incorporate consumption/nutrition concerns into agricultural sector analyses and planning activities, the tools and techniques utilized will be based on those already known and used by agricultural analysts and planners, most of whom are economists. A variety of techniques--simple tabulations, regression analysis, complex modeling (econometric, linear programming, simulation)--are expected to be pressed into service in new ways. In fact, although this Project Paper refers to the "development" of data collection and analysis methods, expectations are that most of the work to be undertaken might more properly be referred to as "adaptation and/or refinement" of already known methods.

The methods developed/adapted will have to help analysts trace and at least partially quantify the linkages between agricultural policies and the food consumption patterns and implied nutrient intakes of groups likely to be at risk of malnutrition in developing countries--the urban poor, landless laborers and subsistence oriented farmers. The first step in making this link is to determine how particular policies are likely to affect food output, prices and the incomes of the groups likely to be at risk. The second step is to estimate how the food consumption patterns of these groups will change when prices and ~~their~~ income change. Other projects and analysts have focused on the first step--how agricultural policies affect food output, incomes and prices. Few, however, have concerned themselves with, let alone tried to implement, the second step. It is, however, at the core of undertaking consumption/nutrition impact analyses and will be one of the main methodological problems to be focused on under the auspices of this project.

A framework useful for conceptualizing these linkages is given in Figure 1. Its purpose is to highlight most important linkages between economic policies and household consumption patterns as well as major parameters for which data should be sought and analyses performed.

In this framework, agricultural policies influence consumption and implied nutrient intakes through changes in food output, food prices and incomes. The effect on food output may be direct, e.g. expanded production or changes in the nutrient composition of the food being produced. The output effect may also be indirect, i.e. policies may affect the use of inputs like labor or fertilizer which in turn affect the level and/or composition of food output. The output effects on consumption and nutrition may be positive, neutral or negative. Changes in output are reflected in either home consumption, market supply, or

Figure 1. Illustration of Linkages Between Policies and Consumption Effects



***Linkages which have to be disaggregated by socio-economic group to be able to identify the effects on those groups likely to be at risk of malnutrition

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both. Changes in home consumption may or may not affect households with malnourished members. Changes in market supply may, in turn, influence prices and consumption by malnourished and well-nourished households. The key question from the nutritional point of view is not how the aggregate output of nutrients is affected or what the average household response is but what is the resulting change in the consumption by malnourished households.

Agricultural policies may affect food prices directly, e.g. price subsidies or price supports or indirectly through changes in output and/or incomes. Low income consumers are likely to benefit from lower food prices but small subsistence oriented farmers may or may not (see following discussion).

Agricultural policies may also affect the incomes of farmers and landless laborers and workers in rural service and input supply sectors. Changes in income by these groups may affect their demand for food which in turn will alter their competitive position in the market and as a result their food consumption. Changes in incomes by producers may also alter their home consumption. Income changes among higher income groups could also influence food demand, the competitive market position of various consumer groups and thus the consumption of well-nourished and malnourished households. Increasing incomes among higher income groups may bid up food prices and reduce consumption among the lower income groups more likely to be at risk of malnutrition.

Agricultural policies may also influence consumption and nutrition in other ways. It may alter the intra-household distribution of incomes and as control over various sources of incomes changes so too may how the household spends its incomes. The demand on the time of various household members may also change leaving more or less time available for growing and/or preparing food, for example.

Given the present stage of development of economic theory and methods, it will be easier to estimate changes in the consumption behavior of the urban poor (given changes in their incomes and prices) than of subsistence oriented farmers. Lower food prices will enable the urban poor to purchase more food by increasing their real incomes and their purchasing power. So too will direct increases in their incomes. Estimating the impact of lower food prices on farmers' behavior will be more difficult, however. Lower food prices may increase or decrease farm income depending on the supply response and market demand for food, the type of output produced and the dependency of the farm household on commercial market sales and the consumption of on-farm produce. For farmers, lower market prices could lower profits, act as a disincentive to production, and thereby reduce farm incomes and purchasing power. Lower food prices could also increase farmers' real incomes and enable them to purchase more food, depending on how dependent they are on the market for their food needs.

For urban consumers, the relationship between income and expenditures on food and other commodities or quantities of

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food consumed can be easily quantified if the required data is available. Data needed includes information from households on their incomes and/or total expenditures and their expenditures on foods and/or quantities of food consumed. If such data is available, the amounts of different kinds of food consumed by households at different income/expenditure levels and the food consumption patterns of these households can be calculated. Coefficients relating quantities of food demanded ~~given~~ ^{to} households' incomes/expenditures, size, composition and other socio-economic factors can also be calculated. Such data can also be used to construct a matrix of income elasticities for households at different income and/or expenditure levels for all foods. An income elasticity is a statistical tool which relates percentage changes in expenditures on different foods or quantities of foods consumed to percentage changes in incomes/expenditures. An elasticity matrix has the potential for being a particularly useful tool for the purposes of this project. To be really useful for the purposes of this project, however, income elasticities (or other calculations) will have to be made for each major income class (or socio-economic group).

A strong theoretical foundation exists for the computation and use of income elasticity matrices in cash economies. Techniques for developing separate income elasticity estimates of demand for households at various income levels are readily available. The data needed to make these calculations already exists in a number of developing countries from national income and expenditure, budget and/or consumption surveys. Such data are often used to develop weights for consumer price indices. They are seldom used for other purposes including consumption analyses however, due to lack of interest and/or lack of data processing and/or analytical capability.

Further work may be needed before income elasticity matrices can be used to estimate the demand for food by rural households which derive a portion of their income in kind (as home produced and consumed food) and have a choice regarding buying or growing any particular food item. Different income elasticities may have to be calculated for the same commodity depending on whether it was purchased or produced in the household. This would require modifying the standard income elasticity matrix. Or models (simple as well as complex) may have to be developed which treat farm households as units which make simultaneous decisions about production and consumption choices. In the longer run this is probably the most promising approach for (1) improving understanding of farm family behavior given changes in agricultural policies and (2) predicting their behavior. Research in this area, financed under DS/N's "Consumption Effects of Economic Policy" project with Michigan State University (MSU), will be completed in August 1981. A state-of-the-art paper will be commissioned during this project to review the MSU and other selected farm household firm models and evaluate their use or potential use for improving our understanding of and predicting the consumption behavior of farm households. Models

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identified as technically sound and promising for use in analyzing the consumption/nutrition impacts of agricultural policies on farm households may be tested and refined and adapted to country planning needs as part of one or more of the collaborative activities to be developed during the project.

Evaluating the relationships between changes in prices and changes in consumption patterns which is equally necessary may be more difficult due to data and methods constraints. The necessary price elasticities could be constructed if data were available showing prices and commodity consumption over time by various classes. Such data are seldom available however, and because of the expense are unlikely to become more readily available. The problem would be solved if price elasticity matrices could be calculated from the same cross sectional survey data that income elasticity matrices can. The usual assumption is that price elasticities cannot be calculated from cross sectional surveys because these surveys do not capture sufficient price variation being conducted as they are over a relatively short period of time--a year or less. Methods have been developed which make it possible to calculate price elasticities from cross sectional data when little information is available on prices, but the assumptions required to use these methods are controversial. Nor may they be necessary, since several analysts have been at least partially successful recently in calculating price elasticities from cross-sectional survey data. Using cross sectional data to construct the needed price elasticity matrices would be a more theoretically and empirically sound procedure as well as practical one.

Income and price elasticities were recognized as being of central importance to the analysis of the consumption/nutrition impact of economic policies as early as November 1976 during an AID sponsored meeting of experts interested in the nutritional implications of non-nutritional policies. Participants at this meeting included economists, agricultural economists and nutritionists from the U.S. academic community, the World Bank, the International Food Policy Research Institute (IFPRI) and AID. Their potential for being core tools was confirmed by a Rockefeller Conference on the "Economics of Nutrition Oriented Food Policies" held at Bellagio in August 1977. Participants at the Bellagio Conference also pointed out the potential usefulness of these matrices for evaluating direct nutrition interventions which have an income transfer component. Both groups also recognized the need for modifications of these matrices and/or the development of models of farm households to assist with the evaluation of farm household responses to price and income changes.

To ensure that the analytical methods developed/adapted during this project are actually relevant to and feasible in a broad range of countries, project activities will occur in a number of countries, carefully selected to represent a range of planning and policy needs and levels of planning capacity. This strategy is expected to provide experiences and results suitable for three different types of situations:

1. Where quantitative data at the national level or even sectoral levels are not readily available;
2. Where some consumption as well as economic data is available and planners and policy analysts have minimum levels of economic training;
3. Where some consumption as well as economic data is available, planners and policy analysts have some advanced economic training, and sector modeling techniques have already been experimented with.

These situations are not necessarily mutually exclusive. Methods suitable for the first type of situation can also be used in the second and third types of situations; when some results must be provided to policy makers in a very short time, for example, or as the first step in a longer, more in-depth, more complex analysis. Many, perhaps the majority, of developing countries will fall into the second category where some consumption data as well as economic statistics are available and planners and policy analysts have at least minimum levels of economic training. However, enough developing countries fall into the third category to justify devoting some resources to the development and/or adaptation of methods suitable when data availabilities and manpower levels are somewhat more advanced.

In the Sudan short-term evaluation, for example, analysts will be able to use data from an existing income and expenditure survey to estimate demand functions of different socioeconomic groups for wheat and sorghum (the second type situation). These data will form the basis for the construction of income and price elasticity matrices. Data from an income and expenditure survey will also be analyzed in the Tanzania short-term policy evaluation and the Honduras sub-project. In the Sudanese case and in Tanzania (if processing problems can be worked out), such data will be available from two points in time --before and after the policy change which is being evaluated. Little or no consumption information was available in ~~the~~ Cameroon or Senegal (the first type situation). So here analysts will have to experiment with more descriptive techniques and/or develop/adapt relatively quick, simple techniques for collecting such data. In Sudan the focus will be primarily on the impact of the policy change on urban consumers so analyses using standard income and price elasticity matrices will be sufficient. In Senegal, ~~the~~ Cameroon, Tanzania and Honduras, on the other hand, analysts will have to estimate what kind of production as well as consumption changes various strata of farm families will make in response to alternative policies. Techniques which will be used by analysts to develop these estimates include interviewing key informants, collecting survey data, building simple simulation models of farm households, and building more complex linear programming models of these households, as in the case of Honduras.

Once analysts have constructed income and price elasticity matrices and/or farm household models, they will be in the position to translate the price and income effects of various policy options into their impacts on the consumption patterns and

implied nutrient intakes of various groups likely to be at risk of malnutrition. All they need to use these techniques are forecasts of economic events (crop projections, price forecasts, income projections), traditional outputs of agricultural and other planning establishments. These forecasts can come from informed and experienced judgement, some seat-of-the-pants guesstimates, simple two equation supply and demand models and/or complex multi-stage models of the agricultural sector. Analysts working in the short-term policy evaluations, given their time constraints, will have to rely primarily on informed judgements, price and income forecasts already available and/or what can be produced with relatively simple simulation models. In the Honduras sub-project, both the price and income effects and the consumption effects for different socio-economic groups will be produced by the model which is to be developed (the third type situation).

A great deal of experience in modeling a developing country's agricultural sector has been gained over the last ten years. Numerous countries now have some type of sector model at some stage of development, including Nigeria, Korea, Colombia, Thailand, the Philippines, Bolivia, Guatemala, Honduras, El Salvador, Nicaragua, the Dominican Republic, Tunisia and Pakistan. Techniques experimented with include linear programming, econometric, and systems simulation. As a result, there now exists a broad base of knowledge about the structure and operation of a developing country's agricultural sector and how to describe and predict its behavior. This project will build on this wealth of knowledge and experience, particularly during the first step; when the links between agricultural policies and their price and income effects are being evaluated.

The work to be done in Honduras, i.e., converting their existing agricultural sector model to a social accounts matrix format and using it to assess the consumption impacts of alternative agricultural policies, will also build on this knowledge and experience. The development of this technique, although relatively more sophisticated and data intensive, is feasible in Honduras since a considerable base of quantitative data already exists. Plus, the existing planning units are equipped to incorporate more complex planning techniques; a simpler model of the agricultural sector and several regional models have already been built, for example. Finally, in a two year project, there is greater opportunity to work with host country counterparts who have been seconded to work on the project.

The methods developed will have to provide information which is of use to developing country decision makers, and their planners and analysts have to be able to use them. Design features which were built into the project to insure that the methods developed are relevant and feasible include: involving host government officials in the selection of their policy focus; emphasizing the use of existing data, much of which is routinely collected but never analyzed by developing country governments; insisting that the majority of work be done in developing coun-

tries; and keeping the time frame for the policy impact evaluations short to force contractors to work under conditions and in a time frame similar to that faced by developing country planners and analysts or having the actual development done within a developing country planning unit as in the Honduras case.

In the final instance, the methods which are developed during the project will be the product of three factors: (1) what developing country planners and policy makers want, need and can use; (2) what AID requires to meet the goal and purpose of this project; and (3) the state-of-the-art. *analysis*

2. Replicability of results and methods

The methods which are developed, to gain acceptance, will have to produce results which are accurate and replicable, i.e. another person using the same technique will get the same result. Accuracy and replicability are tests which all analytical techniques must pass. Given the present state-of-the-art of policy analysis, however, the relevant test is one of relative accuracy and replicability, not absolute accuracy and replicability. For the individual participating country, the base against which project results might be measured could be quite low, since many current policy decisions are often based on subjective judgements with little or no formal policy analysis being undertaken.

Policy analysts commonly use a variety of techniques to test the accuracy and replicability of their results. Predictions made with one set of data are compared with predictions from other sets of data. Analysts model a system using historical data, use this system to predict current variables and compare these predictions with actual data. Experts in the field are asked to review the results and the relationships they are based on to see if they make "sense." Conclusions and the relationships they are based on are reviewed to see if they are consistent with economic theory. Parameters are varied and results calculated and compared to see how sensitive they are to certain relationships and to the quality of the estimates. If the results prove sensitive, additional data can be collected to improve the specification of the relationship and/or the quality of the estimates and thereby the accuracy of the final results. By carefully specifying important relationships, quantifying them and testing their results, analysts also expect to enhance replicability.

The analysts involved in the development/adaptation of the methods under this project will be expected to utilize a variety of tests like the above to insure accuracy. They will also be expected to identify and specify important linkages and to quantify relationships. Given the time constraints imposed on the short-term policy impact evaluations, many of their conclusions are expected to be tentative. Numerous recommendations as to relationships needing further analysis and supporting data are also expected. Policy analysis has to be viewed as a continuing

process, however, one in which the advice provided improves over time as the data base, the analytical techniques and the ability to use them improve.

The question whether methods developed in one set of countries will be replicable in another set of countries was also raised in review discussions. The conceptual framework which was discussed earlier is expected to be relevant to all countries. The direction of relationships and magnitude of relationships are also expected to vary from country to country. Whether one analytical method or another is suitable for use in a particular country to help analysts capture these relationships will depend in part on the data available, the amount of training analysts have, and the level of sophistication of the overall planning system.

The more similar two countries are in level of institutional development, the more likely it is that planning methods developed in one will be applicable to the other. But if project resources are concentrated in countries whose characteristics are too similar, the range of socio-economic and planning environments in which the methods developed can be utilized may be too narrow. Whether methods developed in one country are applicable in other countries also depends in part on the time available for transfer. Techniques which can be applied next year in a country which has a well organized, well staffed planning unit with adequate data collection facilities may take ten years to be useful to a country which is just beginning to train the people who will eventually staff its planning unit.

The short-term problem is to ensure that methods developed in each country are communicated effectively to other countries with similar policy needs and planning capacities. The longer-term problem is to ensure that the methods developed in countries with stronger planning systems will be available for future use by countries whose present planning capabilities are weak. Several steps will be taken to encourage replication--(1) distributing publications widely; (2) including planners and analysts from participating and other countries in project conferences and workshops; and (3) providing technical assistance to participating and other countries to advise them on how to design and implement consumption/nutrition impact evaluations and/or how to build the capacity to undertake consumption/nutrition analyses into their planning systems. The information network and conferences and workshops will also be used to help sort out which aspects of the methods developed are location-specific and which are transferable.

B. Economic Analysis

This project could have a substantial economic impact if it succeeds in introducing consumption/nutrition concerns into developing country national planning systems. It is increasingly recognized that, in countries where malnutrition is prevalent, improvements in food consumption and nutritional status can make

significant contributions to improved national economic well-being. This may be achieved by improving the productivity of workers through improved health, strength, energy and alertness. Returns to education may be increased through better learning ability, fewer sick days, greater alertness on the part of students and reduced child mortality. Expenditures on health care may be reduced as the health of the population improves. The current state of knowledge does not provide a ready calculus for measuring the financial and economic value from improvements in nutrition, however. It is impossible, therefore, to attach a dollar value to the benefits to be derived from the successful completion of this project.

C. Project Management Analysis

The Office of Nutrition, DSB, will have responsibility for the project. The DS/N Project Manager will ensure that all aspects of project implementation, including negotiation of contracts and the flow of AID monies, are in accordance with AID procedures. The Project Manager will provide overall policy guidance and ensure that other relevant AID offices, particularly the USAIDs and Geographic Bureaus, are informed about the project and its progress. Selection of sites and determination of methods for additional short or longer term projects will be made in full collaboration with USAIDs and Regional Bureaus.

Authority for the day to day monitoring and sub-project implementation activities will be delegated subject to AID (DS/N) review to the USDA Nutrition Economics RSSA. The USDA RSSA will coordinate the drafting of scopes of work for the RFPs, arrange for their review, arrange and participate in the technical reviews of proposals and the selection of contractors, provide day-to-day technical supervision of contractors and arrange for (and participate in) all evaluations of contractor performance. The RSSA group will also coordinate the implementation of the information network and other information dissemination activities.

An outside expert advisory group will be organized to review the methods developed/adapted under project auspices for their technical merit. Members will include professionals from the disciplines of economics, other social sciences, statistics and nutrition who have experience dealing with issues related to food policy, food consumption and nutrition. To insure adequate liaison with other Agency technical advisory groups, several members of AID's Research Advisory Committee (RAC) will also be included in this group. An Inter-Bureau Advisory Committee with membership from within the Agency (all Regional Bureaus, PPC, DS/AGR, DS/RAD, DS/PO) has already been organized to provide overall guidance to the project, particularly on questions related to the relevancy of activities to USAID and developing country needs and capabilities. This Committee has also been asked to review appropriate project documents, help identify countries in which to undertake activities and evaluate project and sub-project performance.

D. Social Analysis

1. Socio-cultural context

This project has a world-wide scope and will be implemented in a number of developing countries with diverse cultures. Nevertheless, there are some important elements common to many of these nations. Most of these countries have largely rural populations and traditions, but they are undergoing rapid urbanization. The seats of government are physically located in urban centers where rural-urban migrants are concentrating in greater and greater numbers. Thus, the political and social welfare demands, largely for cheap food, of the concentrated urban populations physically surround governments. Pressures from residents of urban zones often cause governments to take short-term actions to respond directly to these pressures. Many governments have responded with actions designed to maintain low food prices, such as importing cheap food, or subsidizing staple foods. These food and agricultural policies, and others like them may, however, have long run deleterious effects on the well-being of the poor majority of their citizens through creating disincentives to local agricultural production and/or decapitalizing agricultural investments.

2. Beneficiaries

The direct beneficiaries of this project will be the planners and policy makers in developing countries who will receive much needed technical assistance and transfer of analytical techniques which will enable them to provide their governments with better information on and alternatives to current policies.

Indirect beneficiaries will include the larger number of small farmers, landless laborers and poor urban consumers in the participating developing countries whose needs for improved levels of food consumption will be enhanced by the effects of the project.

3. Issues and constraints

This project is feasible and socially sound, in that each activity is adapted to the participating country in which the activity will occur. Most activities will take place in what may be highly sensitive, political environments. Achievements of the goal targets will ultimately depend on whether governments will have the political will as well as institutional capability to alter policies once their consumption/nutrition impacts have been identified.

Nevertheless, introducing consumption/nutrition concerns into the evaluations of alternative agricultural policies could have a substantial impact on the social as well as economic well-being of a country. Government agricultural policies affect food production, food availability in various markets, incomes of farmers and rural laborers and income distribution. All these variables influence the social as well as economic well-being of different socio-economic groups. Reduced morbidity and child

mortality have social as well as economic benefits. Some believe that improved incomes and nutritional status, by reducing infant and child mortality, also support long-run trends leading toward a reduction in the rate of population growth. If so, this would also constitute a substantial social as well as economic benefit in most developing countries.

E. Environmental Impact

Project activities, which include data collection, analysis and dissemination of results, will have minor, if any, impacts on the environment of the participating countries.

V. PROJECT IMPLEMENTATION

A. Implementation Plan

The CEAP project is designed to include a variety of activities which will take place over a six year period--FY80 to FY85. Activities scheduled for the first year of the project were approved in FY80 and are already underway. This Project Paper seeks approval for the activities and funding levels scheduled for the remaining years of the project--FY81 to FY85.

Six short-term policy impact evaluations were financed with FY80 monies. Contracts were awarded in FY80 and field work began in the second and third quarters of FY81 (see Table 3). Three of the six studies (Jamaica, Cameroon and Senegal) are scheduled to be completed at the end of FY81. The remaining three studies (Tanzania, Sudan and a third country still to be identified) will be completed by the fourth quarter of FY82.

Four additional short-term evaluations will be undertaken primarily in Asia and/or Latin America. Cables soliciting country participation will be sent to selected countries during the fourth quarter of FY81. Design teams will be sent to interested countries during the first quarter of FY82. The PIO/T will be written and cleared and the RFP issued during the second quarter of FY82, and the contractors selected and contracts signed during the third quarter.

The collaborative project in Honduras was also financed with FY80 funds. ROCAP signed the Project Grant Agreement for the United States Government with the Central American Common Market Secretariat (SIECA) in August 1980. According to the three-way memorandum signed by DS/N, ROCAP and USAID/Honduras, DS/N has responsibility for all substantive aspects of project management and ROCAP all administrative/financial aspects. SIECA/ECID met all conditions precedent in January 1981, and most of the core staff was working by March 1981. The Grant Agreement provides for a technical evaluation every six months. The first is tentatively scheduled for September 1981. The Project Assistance Completion Date is January 30, 1983.

Technical assistance will be provided over the life of the CEAP project. To date, approximately fourteen countries have received related types of assistance under the auspices of the Nutrition Economics RSSA with USDA (see pages 18-20 for additional details). It is expected that short-term consultants will continue to be provided primarily through this RSSA with USDA. Other mechanisms for obtaining consultancy services for technical assistance to USAIDs/countries, state-of-the-art papers, workshops, etc., include IQCs and purchase orders. Consideration was given initially to contracting for these services with one or two institutions under some type of umbrella arrangement. A brief review of potential contractors, however, indicated that no one or two institutions had a predominant capability to undertake the kinds of data collection and analyses and methods development services needed. These activities are also expected to be quite diverse, many will be unrelated and most will be short in duration and/or small in dollar amount.

Formal results and information dissemination activities will commence with the holding of in-country seminars to report the results of each short-term evaluations, and will continue throughout the life of the project.

A workshop to discuss the results and implications of the project to date will be held in mid-1982. A major international conference is also scheduled prior to the end of the project, in mid-1985.

A detailed implementation plan for the ECID/Honduras sub-project was included in the Project Grant Agreement (see Annex II). Implementation plans were included in the scopes of work developed for the short-term policy impact evaluations. These were cleared with the participating USAIDs and Regional Bureaus. Similar implementation plans will be drawn up for the remaining policy impact evaluations and for each collaborative activity in conjunction with USAIDs and host governments. Personnel and scopes of work for all technical assistance activities undertaken will be cleared by USAIDs and Regional Bureaus.

B. Financial Plan

The total cost of the project is estimated at \$2.8 million. The project is expected to run for six years, with funds obligated for FY80-FY85. Approximately two-thirds of total project funds will be devoted to in-country studies which will provide specific policy impact information and appropriate methods for determining and incorporating such information into national planning systems. Another 25 percent of project funds will be devoted to technical assistance activities.

Table 4 indicates how project funds will be allocated among sub-project activities. Table 5 provides an illustrative budget for a short-term policy impact evaluation. The cost estimates for the ECID/Honduras project are presented in Tables 6 to 8. The estimated budgets for the information dissemination activities are presented in Table 9.

Although countries/USAIDs were not required to contribute resources to the short-term policy impact evaluations, most are in fact making some contribution. The Cameroonian Ministry of Agriculture, for example, has provided the team with a vehicle to use in its field work and is considering whether to make a counterpart available to work with the team during the data analysis stage in Michigan. USAID Senegal is providing office space and a vehicle for several days each week for the team. In Tanzania, both the USAID and the Ministry of Agriculture are providing the team with some office space and other logistical support. In Sudan, the evaluation is being undertaken as one of the four policy studies required under a PL480 Title III Agreement. A Government Steering Committee with members from the Ministries of Planning and Agriculture and the University of Khartoum has been established and approximately Sudanese Pounds 52,000 from the PL480 Special Account have been set aside to finance the travel and per diem of contractor personnel while in Sudan and the costs of undertaking a mini-household budget survey.

TABLE 4
Project Budget
 (000)

	<u>FY80</u>	<u>FY81-85</u>	<u>Total</u>
<u>Methods Adaptation, Review and Field Testing</u>			
Short-term policy impact evaluations (10 at \$120,000 each)	\$1,085	\$815*	\$1,900
ECID/Honduras sub-project (\$600,000)			
State-of-the-art papers, other reviews and development of methods identified as a result of special TDY requests and collaborative activities (\$100,000)			
<u>Technical Assistance</u>		700	700
Utilization of substantive findings			
Design of impact analyses			
Implementation of impact and other analyses			
Reorientation of planning systems			
Staff training			
Other			
<u>Information Dissemination</u>		200	200
Information network			
Seminars			
Occasion workshops			
	\$1,085	\$1,715	\$2,800

* \$227,000 of the \$815,000 will be used to finish funding three of six evaluations contracted for in FY80.

TABLE 5

Illustrative Budget
(Short-term Policy Impact Study)

<u>Salaries and Per Diem</u>		\$53,500
Senior agricultural economist 2.5 months @ \$7,000/month	\$17,500	
Two ex Peace Corps volunteers 6 months @ \$2,000/month, each	24,000	
Two local research assistants 6 months @ \$1,000/month, each	12,000	
<u>Survey Costs -- Equipment</u>		500
Scales, hand calculators, notebooks, etc.	500	
<u>Travel</u>		14,500
International (3 round trips)	6,000	
In-country	8,500	
<u>Report Preparation, Miscellaneous and Contingency</u>	15,000	15,000
	<u>SUB-TOTAL</u>	\$83,500
Overhead (100 percent of salaries)		36,500
	<u>GRAND TOTAL</u>	\$120,000
10 studies (@ \$120,000)		\$1,200,000

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TABLE 6

Summary of Estimated Total Costs of the
ECID/Honduras Collaborative Sub-Project
(in \$CA^{1/})

	<u>AID Funded</u>	<u>GOH Counterpart^{2/}</u>	<u>Total</u>
A. <u>Local Currency Costs</u>	\$557,400	\$159,300	\$716,700
1. Wages/Salaries	334,500	103,500	438,000
2. Other Costs	111,400	55,800	167,200
3. Administrative Expenditures	111,500		111,500
B. <u>Foreign Exchange Costs</u>			
U.S. Consultants	42,600		42,600
TOTALS (A & B)	\$600,000	\$159,300	\$759,300

^{1/}Equivalent to U.S. \$

^{2/}Estimated contribution in kind and in services.

Source: Project Grant Agreement between the Secretariat for Economic Integration of Central America and the United States of America.

TABLE 7

Estimated Budget Requirements for
the ECID/Honduras Collaborative Sub-Project
(in \$CA^{1/})

A. <u>Local Expenditures</u>	<u>\$/Mos.</u>	<u>No. Mos.</u>	<u>TOTAL</u>
1. <u>Personnel</u>			
Project Director	2,500.00	24	60,000.00
Research Associate	1,500.00	7	10,500.00
Systems Analyst	1,200.00	24	28,800.00
Principal Investigator (Demand Analysis)	2,000.00	24	48,000.00
Research Associate	1,500.00	7	10,500.00
Research Associate	1,500.00	9	13,500.00
Research Assistant	500.00	24	12,000.00
Secretary/Clerk	350.00	24	8,400.00
Principal Investigator (Agricultural Models)	2,000.00	24	48,000.00
Research Associate	1,500.00	7	10,500.00
Research Associate	1,500.00	9	13,500.00
Research Assistant	500.00	24	12,000.00
Secretary/Clerk	350.00	24	8,400.00
Consultants (C.A.)			<u>6,800.00</u>
Salaries Sub-Total			290,900.00
Insurance Benefits-Personal Benefits-Personal Allocation (15% Personnel Costs)			43,600.00
2. <u>Computing and Data Processing</u>			
- Rent of Equipment and "Software"	240.00	24	5,800.00
- Computing Stationary	300.00	24	7,200.00
- Complementary Surveys Honduras (first year)			10,000.00
- Key punch and Verifying Expenses	350.00	24	8,400.00

(Cont. on next page)

TABLE 7 (cont.)

	<u>\$/Mos.</u>	<u>No. Mos.</u>	<u>TOTAL</u>
3. <u>Travel</u>			
- Air Tickets	400.00	24	9,600.00
- Per Diem	600.00	24	14,400.00
4. <u>Seminars and Publications</u>			
- Seminars and Regional Meetings	-	-	20,000.00
- Publications	-	-	9,600.00
5. <u>Other Expenses</u>			
- Equipment and Supplies	500.00	24	12,000.00
- Communications	400.00	24	9,600.00
- Diverse Expenses	200.00	24	4,800.00
6. <u>ECID Administrative Expenditures (Overhead)</u>			111,500.00

B. Foreign Exchange Costs

1. Consultants (U.S.)

- Fees	(100 days/ year)	-	30,000.00
- Air Tickets	(6 tickets/ year)	-	7,000.00
- Per diem and other costs	(70 days/year)	-	5,600.00
T O T A L S			<u>600,000.00</u>

1/ Equivalent to US\$

NOTE: Within the total amount shown, budget line items may be increased or decreased in a maximum not to exceed 15% without prior written approval, except that no transfers will be allowed between line item A & B.

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TABLE 8

Estimated GOH Contribution in Kind to
the ECID/Honduras Collaborative Sub-Project
(In \$CA)

A. PERSONNEL

	<u>\$/MOS.</u>	<u>NO. MOS.</u>	<u>TOTAL.</u>
Research Associate (Demand Analysis)	1,500	17	25,500
Research Associate (Agricultural Models)	1,500	17	25,500
Research Associate (Data Collection) Policy Analysis	1,500	17	25,500
Research Associate (Demand Analysis)	1,500	9	13,500
Research Associate (Agricultural Models)	1,500	9	13,500
Sub-Total			<u>103,500</u>

B. OPERATING COSTS

Office space for all pro- ject staff in Honduras	1,000	24	24,000
Water, lights & General Services	100	24	2,400
Computing Services	1,100	24	26,400
Internal Transportation	125	24	<u>3,000</u>
Sub-Total			55,800
TOTAL			<u>159,300</u>

Source: Project Grant Agreement between the Secretariat for
Economic Integration of Central America and the
United States of America

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TABLE 9
Estimated Budgets
(Information Dissemination)

Final Conference

International travel (12 round trips \$2,000 ea)	\$ 24,000
Local Travel (10 round trips \$300 ea)	3,000
Per Diem (130 days \$80/day)	10,400
Facilities (\$400/day)	2,000
Materials	2,000
	<u>\$ 41,400</u>

Mid-Project Workshop

International Travel (10 round trips \$2,000 ea)	\$ 20,000
Local Travel (10 round trips \$300 ea)	3,000
Per Diem (120 days x \$80/day)	9,600
Facilities (\$400/day)	2,000
Materials	2,000
	<u>\$ 36,600</u>

Technical Workshops

International Travel (3 round trips x \$2,000)	\$ 6,000
Local Travel (10 round trips x \$500)	5,000
Per Diem (90 days x \$80/day)	7,200
Consultant Fee (20 days x \$130/day)	3,600
Facilities (\$200/day)	1,000
Materials	2,200
	<u>\$ 25,000</u>

4 Workshops (\$25,000)

\$100,000

Information Network

Publication of Project Results and Other Information Distribution	\$ 22,000
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TOTAL

\$200,000

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USAIDs and/or host governments, however, will be expected to contribute to the collaborative activities developed under the project. In the sub-project in Honduras, for example, the Government of Honduras is contributing 20 percent of the total resources devoted to the activity (\$159,000 out of \$759,000). The other collaborative activities are expected to develop primarily out of the short-term policy impact evaluations. Here USAID and/or country willingness to make a commitment of personnel and financial resources will be one of the criteria to be used in deciding whether to develop a longer term collaborative relationship with a particular country (see pages 6-7).

C. Evaluation Plan

Major responsibility for routine annual evaluations lies with the Office of Nutrition. Input is planned from contractors, USAIDs, Regional Bureaus and host governments, with the USDA RSSA group performing a coordination function.

1. Criteria

The logical framework which appears in Annex I lists the objectively verifiable indicators and means of verification. These will be used as a basis for the annual routine evaluations conducted by the Office of Nutrition. The means of verification will be obtained by making requests to the Regional Bureaus, USAIDs and host governments for documentation and status reports. A Project Evaluation Summary (PES) will be filed with the Evaluation Office of the Development Support Bureau.

Because of the experimental nature of the project, a special evaluation should be undertaken at the end of the six years by the Evaluation Office of the Development Support Bureau to verify the degree of the impact of the project on the direct and indirect beneficiaries. The results of this evaluation should indicate (1) whether further actions are warranted to extend the results of the project to other developing countries, and (2) what further actions, including funding, are called for.

2. Schedule of evaluations

<u>Year</u>	<u>Type</u>	<u>Output</u>
FY 80.	routine annual evaluation	PES
FY 81	routine annual evaluation	PES
FY 82	routine annual evaluation	PES
FY 83	routine annual evaluation	PES
FY 84	routine annual evaluation	PES
FY 85	routine annual evaluation	PES
FY 86	special evaluation	Special Report

ANNEXES

ANNEX I
PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY 80 _____ to FY 85 _____
Total U.S. Funding: \$2.8 Million
Date Prepared: October, 1980

Project Title & Number: NUTRITION: Consumption Effects of Agricultural Policies 931-1274

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To improve the nutritional well-being of the poor in developing countries.</p>	<p>Measures of Goal Achievement:</p> <p>Nutritional status of the poor improves.</p>	<p>Nutritional status surveys of target populations in situations where nutrition goals are approved show improvement.</p>	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> 1. The current nutrition/consumption situation is known so that what constitutes improvement can be evaluated. 2. Once consumption/nutrition impacts have been identified, countries will have the will and institutional capability to alter policies
<p>Project Purpose:</p> <p>To encourage developing countries to develop national agricultural planning systems that are conducive to improved national levels of consumption and nutrition.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> 1. Policy makers show greater awareness that improved levels of consumption/nutrition are legitimate goals for their agricultural sectors. 2. Planners and Policy analysts use consumption/nutrition as one of their criteria for evaluating/modifying/selecting agricultural policies. 	<ol style="list-style-type: none"> 1. Analysis of planning documents shows greater awareness of improved consumption/nutrition as goals. 2. Analysis of planning documents provides evidence that consumption/nutrition impacts are a) used as evidence of policy success and b) made an integral part of the analyses of alternative policies 	<p>Assumptions for achieving purpose:</p> <p>Most developing countries already have some type of agricultural planning system whose scope of activities can with guidance and marginal amounts of technical assistance be expanded to include consumption/nutrition concerns.</p>
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Linkages between policies and consumption/nutrition impacts identified and substantive policy findings developed for selected developing countries. 2. Planning methods (simple as well as more complex) for measuring the consumption/nutrition impacts of agricultural and other development policies developed and field tested. 	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> 1. Short-term analyses of the consumption/nutrition impacts of agricultural policies in 8 to 12 countries. 2. Reports describing the analytical methods developed and/or adapted, both simplified and more complex. 3. Guidelines for undertaking similar impact analyses elsewhere. 4. State-of-the-art papers covering various analytical and data collection methodological issues. 	<ol style="list-style-type: none"> 1. Analyses, reports, guidelines, papers etc. received AID/W and acceptable. 2. Consultant services utilized by countries/missions. 3. Conferences/workshops held 4. Reports, etc. received by countries/missions. 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> 1. It is possible to relate consumption/nutrition benefits to a particular policy. 2. Expertise required is available. 3. Contractors will have access to relevant data and data sources. 4. Developing countries are willing to participate/collaborate.
<p>Inputs:</p> <ol style="list-style-type: none"> 1. Expenditure of \$2.8 million over five-year Life of Project for contractor services and expertise. 2. Travel to and work in selected developing countries. 	<p>Implementation Target (Type and Quantity)</p> <ol style="list-style-type: none"> 1. Six Short-term analyses contracted for in FY80. 2. ECID/Honduras collaborative sub-project initiated FY80. 3. Four to six additional short-term analyses contracted for in FY82. 4. State-of-the-art papers, consultancies and information-dissemination activities undertaken throughout life of project. 	<ol style="list-style-type: none"> 1. Documentation from AID systems. 2. Regular AID reporting procedures. 3. Other vouchers and audits. 	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> 1. PP is approved. 2. Scopes of work sufficient for RFP development. 3. Agreements can be reached between AID and bidding contractors. 4. Agreements can be reached with AID Missions, LDCs, and subcontractors. 5. Funds are available.

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 80 to FY 85
Total U.S. Funding \$2.8 Million
Date Prepared: October, 1980

Project Title & Number: NUTRITION: Consumption Effects of Agricultural Policies 931-1274

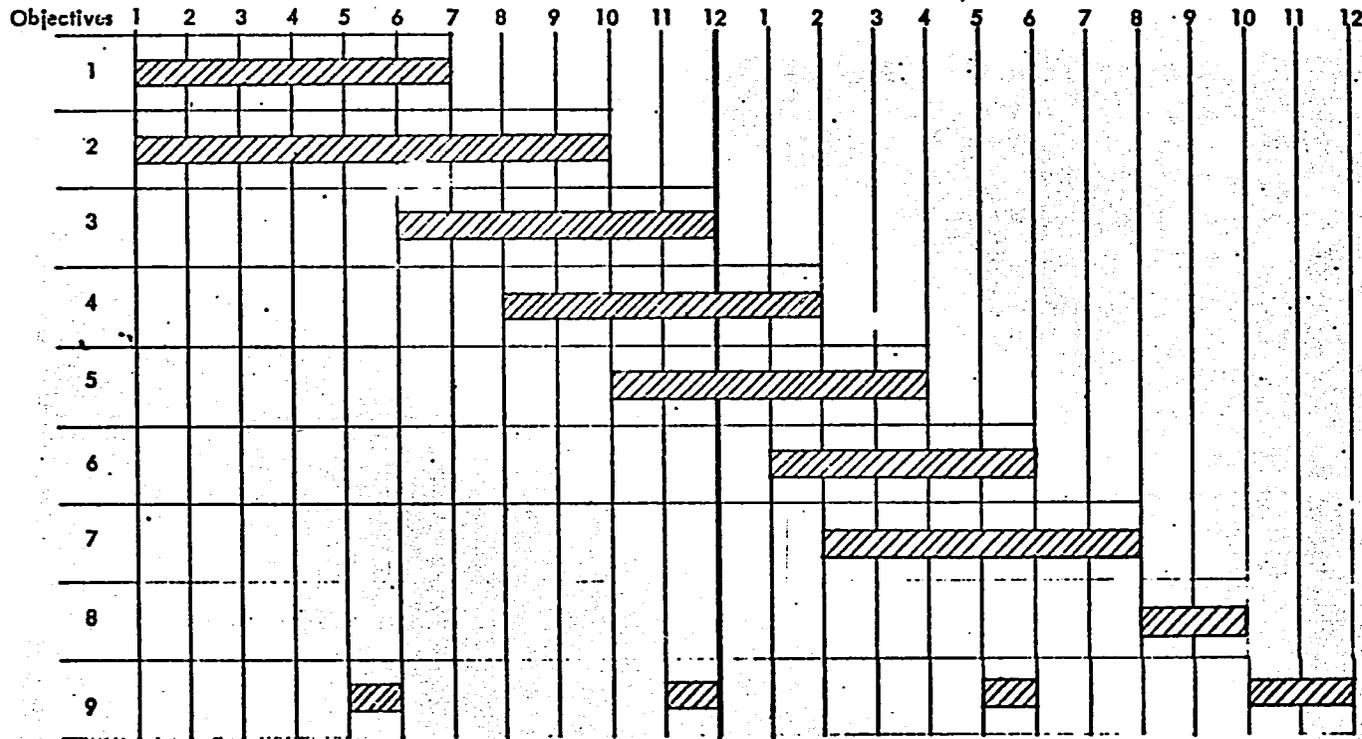
NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p>	<p>Measures of Goal Achievement:</p>		<p>Assumptions for achieving goal targets:</p>
<p>Project Purpose:</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p>		<p>Assumptions for achieving purpose:</p>
<p>Outputs: 3. Information on these techniques and knowledge how to use them transferred to developing country planners and policy analysts through a series of expert consultancies, seminars, workshops and an information network.</p>	<p>Magnitude of Outputs: 5. Methods for analyzing the consumption/nutrition impacts of agricultural policies developed and field tested in at least two countries. 6. Consulting services provided to countries to utilize substantive findings, design impact analyses, implement impact and other analyses, reorient planning systems, train staff.</p>		<p>Assumptions for achieving outputs:</p>
<p>Inputs:</p>	<p>Implementation Target (Type and Quantity) 7. Information about the analytical and data collection methods developed disseminated through a series of seminars, workshops and an information network.</p>		<p>Assumptions for providing inputs:</p>

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ANNEX 2

ECID/Honduras Sub-Project

Timing of Activities (Months from Inception)



- OBJECTIVES:**
- To specify the structure of the Honduran subregional models. their relation with other groups (in line with methodology of Objective 1.)
 - Describe the income expenditure/patterns and implied levels of welfare of urban and rural socio-economic groups by regions in Honduras.
 - Estimate food demand relationships for different socio-economic groups.
 - Construct the subregional agricultural models beginning in the South Sub-region and expanding to two additional regions as time permits. This model(s) will include significant detail on small farmers behavior as producers and consumers and
 - Construct an aggregated model for the other four to six regions consistent with the sub-regional model(s) of Objectives 4-6.
 - Construct a national agricultural sector model (which links together the subregional models) and utilize it for policy analyses.
 - Disseminate the findings of the project among policy makers and technicians in Honduras and in the other Central American countries.

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