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EXECUTIVE SECRETARIAT

United States Senate

COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C. 20510

January 18, 1973

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INFO: Hannah log
Williams log
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The Honorable John Hannah
Administrator
Agency for International Development
U.S. Department of State
Washington, D. C.

Dear Dr. Hannah:

Thank you for your most interesting and thoughtful response to my inquiry concerning the applicability of our foreign aid experiences to American rural development efforts. I hope that we can draw on its general concepts and specific case studies in future efforts to improve our domestic rural development efforts.

Your reference to the assignment of AID personnel to state or local governments is of particular interest. During the 92nd Congress I offered legislation which would require Foreign Service Officers to serve a tour of duty during their career in just such public service jobs. This is a most interesting idea.

Again, I want to thank you and the personnel in your agency for providing me with this report.

Very truly yours,

James B. Pearson

James B. Pearson
United States Senator

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

OFFICE OF
THE ADMINISTRATOR

JAN 8 1973

Honorable James B. Pearson
United States Senate
Washington, D. C. 20510

Dear Senator Pearson:

This past spring you asked us to examine to what extent our experience in the administration of foreign assistance might be applicable to helping solve problems of rural development in the United States. Since your request, we have undertaken a series of studies of this question and have discussed the work in progress several times with members of your staff. We have now finished this work and have prepared a general statement of our conclusions which I am transmitting herewith.

Basically, we have been reluctant to address the question of whether the techniques and organizational arrangements which A.I.D. has used might be effective on working in rural development in the United States, preferring to leave that for others to consider. Rather, we have sought to analyze some of the principal lessons which we have learned in working with the poorer nations on problems of rural development and to outline some of our experience which should have relevance for those persons considering the problems of rural development in the United States.

We have examined specific cases of varying organizational arrangements for work in rural development—the Joint Commission on Rural Reconstruction in Taiwan, the Comilla experiment in East Pakistan, the Servicio concept which we used extensively in Latin America. In addition we have provided you with copies of our most recent thinking on sectoral analysis, an approach to problems of rural development we have launched this year.

I hope that you find this information responsive to your needs and useful in your future deliberations.

One further point I would raise is not discussed in the paper, that of whether it might not be interesting and useful to explore the assignment of A.I.D. personnel to state or local governments in the United States to work on some of the problems of rural development. This may be feasible and possible under the terms of the Inter-governmental Personnel Act.

Sincerely yours,

John A. Hannah

John A. Hannah

Enclosure

PN-ACB-194

I. The Agency for International Development—Selected Aspects of its Experience with Rural Development

Appendix A -- The Joint Commission on Rural Reconstruction

Appendix B -- The Academy for Rural Development in Comilla, Bangladesh

Appendix C -- The Servicios of Latin America

II. AID/Washington Airgrams to Field Missions on Sector Analysis Approach:

Priority Development Problems and Sector Analysis, September 21, 1972

Agency Approaches to Sector Analysis, November 18, 1972

Agency for International Development
December 1972

The Agency for International Development—
Selected Aspects of its Experience with Rural Development

Introduction

In terms of length and variety of experience, scope and magnitude of operations, numbers of employees and levels of expenditures, AID—and its predecessor agencies—has been preeminent among the development assistance organizations of the world. In its two decades of continuing and diverse operations in the least developed countries the Agency has had its share of successes and failures—the former often little noted, the later often widely publicized.

In considering the possible applicability of AID's experience to rural development problems in the United States, we raise one major question. Can lessons learned in dealing with backward societies be relevant to the most technically advanced country in the world? A corollary of this question is whether the Agency which has had the responsibility for these dealings could have a useful role in addressing the same kinds of problems in the United States. This paper gives no categorical answers to these questions noting rather both positive and negative views. While concluding that AID has indeed learned much of relevance for the provision of assistance for the rural sectors in the less developed world, we put the question of whether it could contribute to helping find solutions to American problems to those with a far greater knowledge of the American scene.

As preamble, we should underline several major differences between AID's experience abroad and the situation at home.

> First, AID has not been responsible generally for the actual operation/implementation of development. Rather, the country receiving assistance has borne this responsibility, and a gulf exists always between those who do and those who advise.
>
> Second, U.S. foreign assistance has generally been cast in the role of providing but a small part of the total resources that go into any particular development project. These resources are of course always important, but they have been only part of the totality.
>
> Third, AID has dealt with foreign governments, and the political problems of dealing on this basis are substantially different from those political problems inherent in dealing within the United States.

Fourth and perhaps most important is the fact that the objective of much of American aid is and has been to assist in the transition of societies from a traditional, peasant agricultural base to a more modern industrial society. But rural development in the U.S. is involved in dealing with problems created by the very success of modernization.

Consequently, the present review has required a deliberate altering of AID's normal point of view. For two decades, AID has focused on the problem of transferring technology, procedures and institutions which worked in the United States to the less developed countries. Experience in this effort has embedded a number of maxims deeply in the Agency's collective consciousness:

1. In undertaking to effect transfers of technological knowledge and/or resources it is necessary to move with caution, above all as concerns the former. Some adaptation is almost always essential.

2. The capacity of the Agency is always a limited one, and it must find those areas in competence in which it can concentrate its efforts.

3. The determination of priorities for action must come from those most directly concerned. The role of the outside technical advisor at best is to help in determining alternative approaches. To transcend this role bears a large political price.

Because of the diverse and decentralized nature of its operations, AID has been moved to experiment with organizational forms and administrative techniques. The Agency has sought to combine central coordination and control with decentralized operations and local initiative; to maintain a degree of consistency in widely scattered programs, necessarily diversified in character; to monitor and evaluate the results of these programs, in order, wherever possible, to repeat successes and avoid the repetition of error. Some of the techniques employed are no doubt merely variants of familiar methods; some have had innovative features. At any rate, they seemed to have relevance for a national program of rural development likely to confront similar problems of combining central coordination and a measure of control with widely decentralized operations.

These are the considerations which have dictated both the content and the form of this report. The deliberately condensed presentation in the body of the report is supplemented in some cases by appendices which present fuller and sometimes more technical discussions of the AID experience.

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A. Principles of Successful Rural Development

The lessons of AID's experience in planning rural development are summarized in the following points, reduced to the barest formulation below, and developed more fully in the following sections.

1. Effective rural development means development of the total rural area---agriculture, plus villages and towns. Increased farm production, industrial and commercial enterprises serving the rural area, employment, the distribution of income and population must be considered as parts of a single problem.

2. A strong commitment for development is required at all levels, to provide impetus and support for the development program, but government should not attempt functions which can be effectively left to the private sector, the principal motive power for change.

3. Popular participation, particularly at the local level, provides a vital thrust to plans and programs which might otherwise remain sterile exercises.

4. A rural development plan should start with a clear formulation of goals and policies.

5. A successful development organization needs a clear definition of authority, and should be kept free of bureaucratic conflicts. It needs continuity and assured financial support.

6. Research is an integral part of plan making. It is needed to assemble necessary data in usable form, and to solve problems encountered in the development and implementation of the plan. To be fully effective, it must be coordinated with the plan at those successive stages.

7. One of the most important ingredients of a successful development program is non-quantitative: the sense of purpose and mission it is able to generate. In large part, this is a function of leadership.

B. An Approach to the Total Rural Problem

The main theme of this paper is derived from the propositions stated above: that effective rural development requires an integrated planning approach to the problems of the total rural area, with strong support at all relevant levels of government. Moreover, it requires popular participation, and must mobilize and channel the most potent force of change in society: the energizing efforts of private individuals seeking to better their lot. The degree to which these elements are successfully blended will determine the effectiveness of the plan.

We also believe that an important part of rural development is the creation of rural-based enterprise capable of providing employment and income to individuals who cannot find an adequate livelihood in agriculture, and of revitalizing decaying villages and small towns.

AID has arrived at this hypothesis only after prolonged experience with a number of more limited approaches—some partially successful, some rather complete failures—to the problem of rural development. So far, the Agency has had only relatively limited success in counseling adoption of this total approach. But there is enough evidence to indicate that the concept is sound. The examples of Israel and Taiwan—countries which once were but are no longer recipients of economic assistance—are particularly impressive. Both countries have stable and prosperous rural economies, distinguished by the number of flourishing towns distributed throughout the agricultural regions. Since the concept is central to this paper, some elaboration at this point may be useful.

C. The Urban-Rural Exchange System

The inhabitants of even remote rural areas are organically linked to the greater society. Rural and urban areas are interdependent; what happens in one sector usually affects the other and it is becoming increasingly clear that the problems of the cities—excessive population influx, unemployment, slums, costly welfare programs and overburdened public services—grow in part out of the problems of rural areas.

AID has found that in the LDC's as well as wealthier nations, urban problems, probably because they are highly visible to urban-based governments, usually command prompt political attention. Rural problems, on the other hand—particularly those in poverty areas—are usually remote from centers of political power and seldom receive attention until they begin seriously to disrupt the cities. A federal

system that provides significant political power to the rural centers does help to alleviate the problem.

Traditionally, small farmers and other disadvantaged rural people in depressed areas are badly served by the economic system. In extreme cases, the system almost becomes a one-way street. These people pay more for processed food, fuel, farm inputs and credit than large farmers pay, mainly because the price of their small purchases has to cover higher distribution costs. They also receive less per unit of production than large farmers, mainly because they have small quantities to sell and their bargaining power is limited. In short, the terms of trade tend to move against the farmer.

It must be recognized, of course, that there are some marginal farmers whose land is so poor that they are simply unable to compete. In some cases a particular group might be saved if an effective multidisciplinary research effort were organized to study their problem and to develop a technology especially adapted to their requirements—as, for example, some of the international research centers are attempting to do for dry-land farming in some of the LDC's. Regardless of such effort, however, the dynamics of agricultural growth may well force some further reduction in the number of farmers before the process ends.

It is an obvious object of policy to help as many of these small farmers as possible. And it is possible in many cases, if ways can be found to enable them to get the inputs they need at prices more nearly commensurate with what large farmers pay, and to sell their production at prices approaching those that large farmers get. Under these conditions, the small farmer might even have an edge over the large farmer because, with his family, he can apply more man-hours per acre to his land or his business than a large operator can afford. The intensification of labor costs him little in monetary terms, but for the large farmer, forced to hire expensive labor, the price may be prohibitive.

In many areas, farmers' cooperatives help the small farmer achieve a more competitive position by providing credit and inputs on better terms and the advantages of large-scale marketing operations. Useful as these organizations are, AID believes that there are additional and more effective measures for improving the competitive position of the small farmer—measures which will have other economically and socially desirable results as well. What is required is a change in the urban-rural transfer system by establishing in the villages and small and intermediate towns of the rural area significant parts of the exchange system hitherto located in large cities. This means placing near the rural people they serve, and on the route to urban consumers, such agriculture-related

enterprises as grain drying and storage facilities, vegetable and fruit assembly points and packing sheds, farm tool and equipment sales and maintenance organizations, trucking companies, warehouses and loading docks, fertilizer and insecticide sales, seed storage and sales facilities, credit institutions, farmers' and consumers' cooperatives, food processing plants, dairy, poultry and swine enterprises and the feed industry and veterinary services that support them.

These agro-industries and other types of labor intensive enterprises which fit the rural scene tend to be small and to require relatively limited capital investment. Normally, they do not require a high degree of management skill.

The achievement of this institutional growth and improved rural environment does require a systematic planning, the creation or revitalization of institutions, and a coordinated program to attract agriculture-related industries to intermediate towns which could serve agricultural areas. Government initiative and support at all levels from top to bottom is a necessary precondition to these developments.

D. The Need for Government Support

A positive commitment and full support by governments proved to be an indispensable element in the success of the great single-crop campaigns which during the second half of the past decade forestalled the imminent danger of famine which threatened the exploding populations of some of the largest countries of the less developed world. The "miracle" grains spread with phenomenal rapidity, and, to maintain momentum, governments often had to improvise institutions and resort to ad hoc arrangements to provide essential supplies and services. Nevertheless, they placed their prestige, and their resources squarely behind the programs: without this support, the programs would certainly not have succeeded on the same scale and with the same rapidity. The more comprehensive program proposed above clearly cannot be realized without a full measure of government commitment, stimulus and support.

Essential Government Functions. All of the following functions have to be performed at one or another level of government if the comprehensive approach outlined above is to be effective:

1. Setting policy and objectives, providing initial stimulus and impetus to the undertaking, establishing the framework of operations and determining the organizational structure for making plans and implementing programs.

2. Organizing cadres of professionally trained planners to assist decision-makers.

3. Developing plans to accomplish the policy objectives adopted.

4. Organizing research
   --to provide adequate data for planning
   --to undertake problem-solving assignments important to the carrying out of development plans
   --to perform feasibility studies for proposed new industries.

5. Providing essential infrastructure for the integrated agricultural-industrial regions.

6. Creating conditions and incentives which will attract industrial and commercial enterprise to the rural regions.

7. Monitoring developments, evaluating progress in the realization of plan objectives, and, where necessary, taking corrective action.

Positive government action is required to achieve decentralization of intermediate industry. In some cases, this action will be the creation of needed infrastructure: in others, the provision of incentives to attract the right type of enterprise to appropriate areas.

Limits to Government's Role. But, in many LDC's there has been a tendency for government to undertake too much: to go beyond their proper role of establishing policy, creating an operational framework and furnishing infrastructure, incentives and supporting services. The over-extension of government activities, particularly those of the national government, all too frequently stultify that which they were designed to stimulate.

The success of the approach described here depends heavily on active popular participation at the local level, and on the motive power of private individuals, private capital and private enterprise. Government can stimulate, channel and assist the efforts of the private sector, and in some cases, for example, the provision of essential infrastructure—its support is indispensable. But at all levels it should guard against attempting to do things which the private sector can do as well or better.

E. Planning for Rural Development

Planning Authorities—Relation of Function and Level. A critical factor in the success of rational development planning is getting the right kinds of decisions made at the most appropriate levels. This will depend on the structure of the planning organization, the interrelations of the elements involved in it and the functions assigned to each. As the term is used here, structure is intended to include the geographical definition of the various planning districts and the system through which the lowest levels are related to the highest. The primary responsibility for establishing the organizational structure rests, of course, with the national government.

The National Level. The national government must establish general policies and goals, and these should be stated clearly and unambiguously. This is an essential requisite for a program as comprehensive and multi-faceted as that described above. The formulation will necessarily be in general terms: precision and quantification become possible only as progress is made in the elaboration of programs and the identification of projects at lower levels.

It is appropriate and desirable for the national government to establish standards, to set minimum levels of performance, to review plans and programs developed at lower levels, in order to assure consistency with national goals and congruity with plans developed in other regions—even, perhaps, to assign personnel to cooperate in the development of the plans

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of subordinate regions. It is also appropriate for the national government to monitor ongoing operations, to maintain an information system which keeps each region informed of significant developments in all other regions, to evaluate results, to maintain usable records which contain significant information, and to publicize results.

But it is neither appropriate nor desirable for the national government itself to undertake the detailed and specific work involved in the preparation of regional development plans. At best, the product is likely to be abstract, superficial and of limited utility. At worst, it may be ill-adapted to regional or local requirements and pernicious in its effect.

The boundaries of the local level should be fixed with a proper regard for the following considerations. Normally a rural development district would contain a significant number of marginal farmers engaged in substantially the same type of agricultural production, several villages and at least one town which had the potential of developing into an intermediate point in the urban-rural transfer system described above. In developing countries, the geographical dimensions of the ideal district are easy to estimate—the area which can be easily served by a market town, whose outreach is fixed by the distance a man can cover in a one-day round trip, using a bicycle or animal transport. This calculation indicates a maximum radius of about ten miles. Each rural development district requires some areawide instrumentality for formulating programs and identifying promising projects. This requirement may be met by "redirecting" and/or enlarging some existing institution, or it may be necessary to create a new instrument, perhaps by combining elements of two or more already existing institutions. In any event, this instrumentality will require the advice of professional planners, who might be made available by the regional planning authority or the national governments, or both.

Popular Participation. The development of backward—or the vitalization of stagnant—rural areas involves basically the quickening of life in local communities. The degree to which this is achieved will be the measure of the success of a rural development program. From this proposition, it follows that no opportunity should be missed to involve and interest the local community: local citizens must be caught up in the entire process of planned development. They must provide the vital spark without which the program will be stillborn. From them must come much of the energy, capital and drive needed to create the intermediate commercial and industrial towns essential to maintain prosperous and stable rural communities.

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If this objective is to be realized, citizens must be convinced of the validity of the program planned for their area, must regard the local projects in the plan as their own—not as the visionary product of bloodless (sic!) planners remote from their community. They must be imbued with the conviction that the realization of the plan will give them a better community and provide a better life for their families.

(See the account of rural development programs in Taiwan and Comilla [now Bangladesh, formerly East Pakistan] for an indication of the importance of local participation in the planning process (Appendix A and Appendix B.) It may well be that one of the reasons for the lack of success of some of the Servicios of the 1950's was their failure to achieve effective local participation. (Appendix C).

Proposals for specific local projects—the concrete manifestations of the general plan—must, then, appear to the citizens of the locality as valid expressions of their own aspirations. Obviously, these proposals must fit within the general framework of a coherent plan for the total region and conform to regional priorities. One way to make these two considerations more nearly congruent is to involve the regional planners in the deliberations of the representative local bodies which propose local programs and projects. Their advice as to what the regional authorities are likely to approve or to disapprove would assist in the effective shaping of local proposals to the regional authority and thereby serve to reduce friction between the local and regional levels.

The Regional Level. The character of the work done at the regional level—somewhere between the national center and the local district—is likely to be of the most critical importance in determining the success of the planning effort. Consequently, the definition of planning regions and finding or creating institutions which will do an effective regional planning job merit the most careful attention. Ideally, the region should be defined primarily on the basis of economic and social criteria: the commonality of economic and social structure, problems and potential. Practically, it is of course necessary to take into account the political feasibility of treating the area as a unit. The ideal and the practical may well be in conflict; in this case, there will be problems, whichever way the issue is resolved.

AID experience underlines the importance of the regional development organization having maximum authority over public sector (all levels) programs and expenditures, within the broad policies and guidelines established by the national government. Unless the organization has effective coordinating and decision-making authority with respect to programs and expenditures in the region, efforts are likely to be

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unsystematic and if effective control remains at the national level, the regional authority is likely to be bypassed by the district level, increasing the burden on the national administration and diminishing the possibility of achieving a coherently articulated program for the region.

Planning and Decision Making. A regional development authority must organize a system for 1) collecting and analyzing data, 2) identifying problems, 3) organizing problem-solving efforts, 4) determining priorities, 5) making decisions and determining the final shape of programs. Once plans begin to be implemented, it will have continuing operational and management responsibilities. It is important to distinguish between the policy-making (i.e. political) functions of the authority and the line and staff functions. The first three items in the list above are tasks for technical people. In principle it is possible for planners to operate in isolation—collecting data, identifying problems and formulating alternative programs with varying price tags—this entire bundle to be delivered to the policy makers only after the entire process was terminated. This happens all too often, and the results of such procedures are often sterile.

The role of the technician is made easier if, at the outset, he is provided by the political authority with a reasonable set of goals and an accurate indication of the financial resources available. With these to steer by, he is less likely to develop a plan which will be summarily dismissed as politically unacceptable. Even so, the need for continuing collaboration between planners and decision makers will not be eliminated. The accumulation of data, the identification of problems, the progress of the analysis may indicate the need to change priorities or modify goals initially formulated on an a priori basis and planners need to have an awareness of the political climate into which their plans will emerge.

Arrangements are needed for keeping political authorities informed of the progress of the planning operation, and for consultation between planners and decision makers at critical points in the plan's development: when analysis suggests it may be necessary to revise goals; when options are being formulated; when important problems are identified which appear to require and justify the mounting of special problem-solving efforts.

Goals cannot be finally fixed, nor can problems be properly defined in the absence of adequate data. Consequently, though general objectives and policies can be outlined in advance, the first practical step in formulating a development program is to determine what is known and what more needs to be known. In the LDC's knowledge of such factors as population, employment, resources, soil characteristics, optimum cropping patterns and agronomic practices, potential for the establishment of small-scale industries, marketing possibilities, etc., is rarely adequate. Countries

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which already possess a relatively adequate data base, begin the planning process with a decided advantage. In virtually every case, however, it is probable that some collection of additional data will be needed and it is with this pedestrian exercise that most planning efforts begin. Effective planning, then, begins with research.

F. Research

The word research is used in this paper to refer to at least two distinct activities, each essential to effective development planning.

The first, essentially the function of collecting and collating data, is usually an indispensable preliminary to the analysis of a complex economic problem.

The second refers to problem-solving activities aimed at the elimination of constraints on development identified in the course of the analysis. It may involve a sustained multi-disciplined team effort.

Data collection is usually a less exacting form of research than problem solving, though professional skill is needed to decide exactly what data are required, and to design the techniques and procedures for obtaining them. The study of the Market Process in the Recife Area of Northeast Brazil conducted by Michigan State with AID-financing provides a representative example of the way that development planners approach the task.

The first phase of the five-phase Michigan State study which culminated in the publication of a document of several hundred pages was "preliminary investigations, including review of previous studies, interviews with public officials in agencies involved in marketing, direct observations and detailed interviews with market participants and collection and examination of secondary data. Phase Two was the planning and execution of detailed structured interviews with systematic samples of market participants." (These latter interviews were conducted by advanced University students in Economics, Administration, and Social Science.) Only after these data were accumulated was it possible to proceed to the analysis of the marketing process and the complex calculations which provided the basis for the policy recommendations which were the end product of the report.

Problem-solving research has, of course, been a crucial ingredient in the remarkable agricultural development of the United States, and one may properly doubt whether there is much this country could learn from experience in the LDC's in this field. Nevertheless, the accomplishments of the Center for the Improvement of Corn and Wheat in Mexico and of the International Rice Research Institute in the Philippines have been of such

extraordinary scope and that it would be remiss not to take a careful look at their operations.

The essential characteristics of these institutions, originally sponsored and supported by the Rockefeller Foundation, which was subsequently joined by the Ford Foundation, later by AID, and then by the World Bank and the other major donor nations of the world, are:

1. They were established for a specific purpose, and their objectives were defined with a clarity and precision which left no doubt concerning the nature of their task.

2. They are highly professional organizations, their staffs including individuals of distinction in all of the disciplines involved in the assigned task.

3. They are provided first-class equipment and are assured of adequate financial support during a period adequate for the achievement of their objectives.

4. They are effectively insulated from possible distracting political influence.

5. They have been provided leadership of exceptional quality.

All of these factors operating together have produced high morale and notable results.

On a minute scale, the international research centers directed a massive, systematic, multi-discipline, focused attack which overcame the many problems. After about twenty years effort on wheat in Mexico and only some six years on rice in the Philippines, breakthrough was achieved which significantly abated the threat of famine. Thus, two or three years later the statement quoted above, could no longer be made in such unqualified terms. The experience of the international research centers demonstrates that some of the elements in the complex problem of world hunger can be solved by an attack organized in accordance with the precepts listed above. What has proved to be an effective instrument for increasing the production of cereals in the most populous food deficit countries of the world may also be a useful device for attacking specific aspects of the problem of rural development in the United States.

G. Planning Techniques

Assume that goals and policies have been set with a just balance of aspiration and practicality, that an appropriate planning region with reasonable boundaries has been established, and that a regional planning organization has been created and staffed, and that adequate data have been collected, how does the planning organization go about its work? What are the most effective procedures and techniques for developing a plan?

AID has experimented with various approaches to development planning in countries at various levels of economic development. Where adequate data are available, or can be collected, and where the requisite degree of analytical skill and administrative competence can be assembled, a comprehensive attack, using a systems approach to sector analysis and simulation models would be the chosen method of most skilled planners. Other less sophisticated and less demanding procedures have been used with serviceable results.

Industry and some of the major departments of the government have for a number of years regularly used the systems approach and simulation models as planning tools, and methods of economic sector analysis are taught in many American universities. AID was not among the first to use these techniques.

Sector Analysis. Agriculture sector analysis has been undertaken in a wide range of countries, and AID is now committed to this approach to planning for agriculture. In the current year, such an analysis is required as part of the regular program submission from many AID field missions. To do this job, the Agency uses Mission staff, consultants from American universities, and experts from the Agency's own Washington staff. Annex A contains the substance of two recent AID messages to its field Missions on sectoral analysis which give the general tone of the new approaches. In the past couple of years, the Agency has begun to experiment with simulation models. Under an AID contract Michigan State University constructed a simulation model of the Nigerian rural economy which may well be the most ambitious yet attempted outside the hard sciences. This model is being applied, with appropriate adaptations, in Korea.

These techniques are still evolving, and the Agency continues to learn more about how to use them, and to improve their effectiveness.

Experience with sophisticated simulation models and their manipulation by computer technology is still relatively limited, but this experience has demonstrated that where adequate data are available, they can be of great help to the planner.

The Systems Approach. Using the systems approach, the economist is able to obtain a comprehensive view of the total rural sector, the relations of its parts, and the manner in which they interact. What distinguishes this approach, of course, is the underlying concept that in any organized system, the behavior of any part of the system ultimately has some effect on the other parts, and, consequently, that a significant alteration in the behavior of one part, whether spontaneous or induced, will in some measure affect the performance of the whole.

The initial step in applying the technique is to decide what factors in the system are to be taken into account; how the whole is to be subdivided. The next step is to assemble all relevant information concerning these factors, to determine its adequacy for purposes of the analysis, and if possible, to arrange to fill in any critical gaps discovered. Conflicts in the data are identified and resolved. Irrelevant or unimportant data are excluded.

In addition to economic elements, physical, biological and social factors which significantly affect development are identified. Some of these lie entirely inside the system; others may be partly or wholly outside. Internal and external constraints on the system are identified, and those which can be controlled or affected by public policy are determined. The manner in which the factors included in the system interact is considered and the impact of change in one factor on the other elements of the system is assessed.

A simplified chart demonstrating the major elements in a systems approach to the rural sector is attached. Each block on the chart can be expanded and elaborated to the point that it becomes a system itself, and other blocks can be added to meet the requirements of special situations encountered in particular areas. The chart shows how government policies, the private sector and production contracts can influence income and how the use of technology and credit can reduce production costs. The flow of increased incomes into increased demand completes the cycle.

This chart enables the planner to view the rural sector as a whole; to alter and manage the flow of a single commodity; or to locate the most critical limiting factor in the system at any point in time. Utilizing it, the planner can determine where there are knowledge and action gaps, or institutional or organizational deficiencies; can identify problems

requiring solution; can estimate interactions among various elements in the system; and can consider alternative programs and courses of action.

Simulation Models. By assigning numerical values to the various elements in the chart and to the relationships between these elements, the chart can be converted into a mathematical construct which, depending on the adequacy of data and the soundness of judgment on the part of its builders, approximates, to a greater or lesser degree, the real system it seeks to replicate.

The mathematical model then provides the basis for simulation exercises and answers the "what happens if" questions which planners pose as they consider alternative policy questions. Such simulations can be made with a pencil and desk calculator, but they are slow and necessarily limited in the range of effects they can estimate. Computers permit the formalization of the process of making projections, greatly accelerate the operation, and make possible the evaluation of the whole range of policy alternatives.

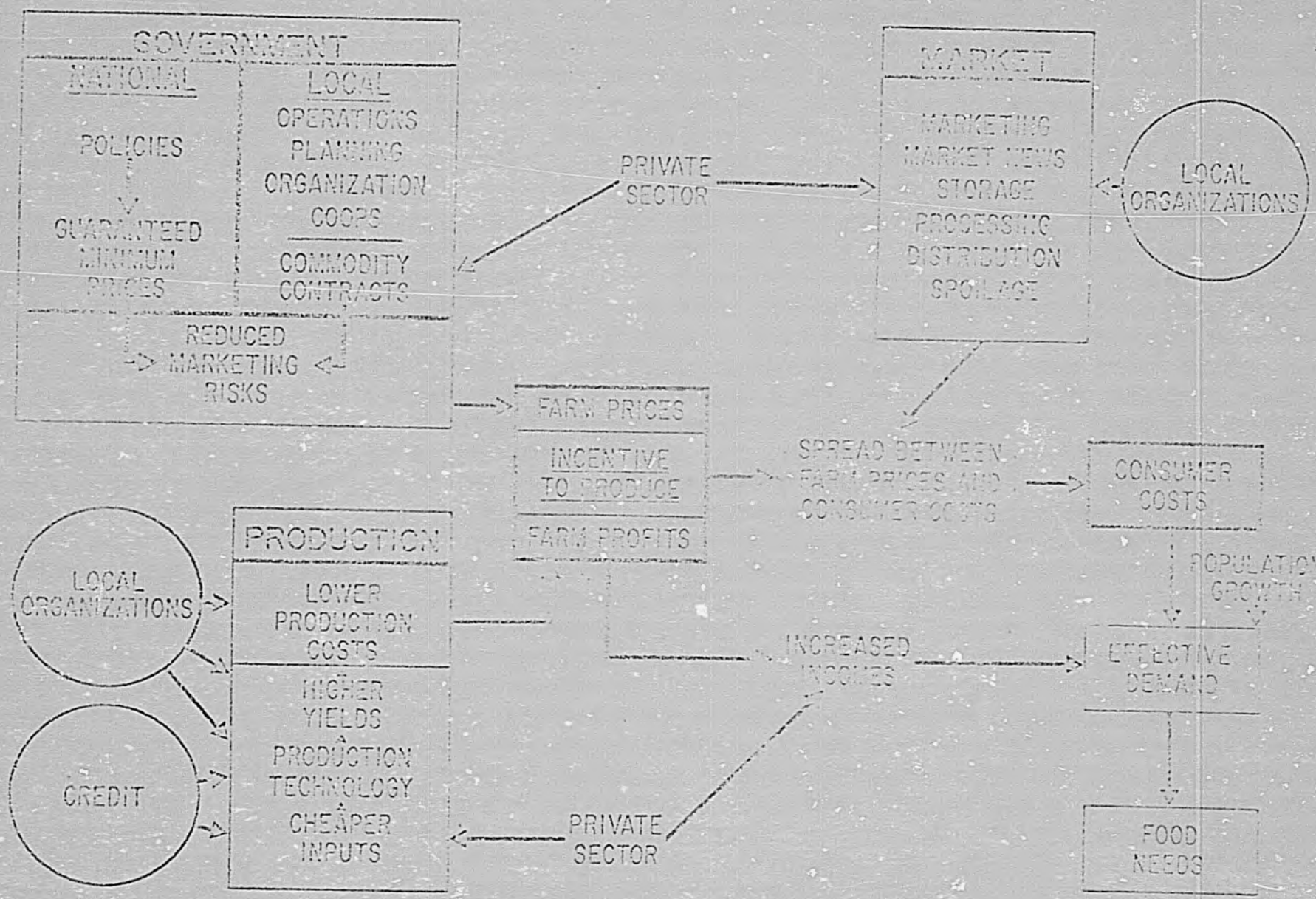
H. Project Design

In years of experimenting with ways to do its job of serving as a catalyst for development AID has evolved a method for designing non-capital projects which has proved a useful tool for planning.

This approach is a simplified form of systems analysis. The "logical framework" employed is sometimes criticized as over-simplified or as a reductio ad absurdum. A considerable part of its utility stems from its simplicity—the fact that the approach can be understood and applied by many types of development officers who do not normally do systems analysis. Moreover, the logical framework can be used in field missions of primitive countries where data are rudimentary or since it is both comprehensive and conceptually sound, applied with a high degree of sophistication when the situation requires it and data permit.

In the actual process of planning a new project or of checking out the design of an existing project, it is common to start with a broad goal, identify a problem to be solved if the goal is to be achieved and then plan the method of attack on the problem. This progression of thought down the chain is then checked by coming back up to consider the validity of the hypotheses:

If inputs, then outputs.
If outputs, then purpose.
If purpose, then goal.



Milo L. Cox, AID/W

Viewed from this inverted perspective, projects appear as a series of means-ends progressions. That is, a project consists of a group of inputs provided by AID and the host government or local citizens. These inputs may consist of man-hours of labor, expert knowledge, textbooks, commodities, machinery, etc. Some are tangible, some may be intangible. It is expected that these inputs can be applied to produce some outputs—trained people, innoculations against disease, loans to small businesses, new school curricula, new irrigation systems, etc. Again the outputs may be tangible or intangible, quantitative or qualitative.

The outputs are expected to solve a problem or achieve a purpose, provided that certain reasonable assumptions about events outside control of the project managers prove valid. For example, the matrix for Project X may indicate that the "outputs" of trained people and of loans for working capital will result in increased production and income for farmers or factories. The project purpose in turn is linked to some broader goal of economic or social or political development—for example a revitalized rural economy.

In actual fact the four-phase input-output-purpose-goal system just described may not fully encompass the process. For example, a first output of trained personnel may become an input which helps to produce a second output of a functioning extension service, etc. However, there are some operating advantages in keeping the analysis simple.

Notes on Training and Problem-Solving

Finally, AID does have something to say about techniques and approaches we have developed which combine and integrate training with projects involving our and LDC material inputs, as well as training in institution-building, technical assistance projects. In infrastructure loans—for example, highway construction and maintenance in Brazil, training of highway departments in planning, inventory control, scheduling, etc., was an important feature. Approaches we have used both in the LDC's, and in our own and third countries which create and improve host country training capacity, which make use of our public and private and third country institutions—these and other facets of our technical and capital assistance in the training area suggest a range of relevant and selectively transferable experience.

Another area we may be able to make use of may be described as techniques of problem-solving, decision-making and management. I'm thinking here particularly of the group or joint approach. The bringing

together of U.S. and host country experts in one or more disciplines (e.g., a Developmental Science and Technical Research project in Brazil) has had or may have cross-cultural payoffs which suggest possible application to rural U.S. And, without stretching too far, the Country Team approach in the field could be paralleled with regional organizations in the U.S., with representatives from appropriate government and other agencies.

XD-ABE-194-A

Appendix A

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THE JOINT COMMISSION ON RURAL RECONSTRUCTION

A Brief Summary

The Sino-American Joint Commission on Rural Reconstruction (JCRR) was established on the mainland of China in 1948, and a year later, along with the Government of the Republic of China, removed to the island of Taiwan where it conducted one of the most remarkable and successful programs of rural development in the history of foreign aid. Due to the importance of the island and the Republic to U.S. national interest, American investment in the program was united with Chinese technical resources in a massive attack on the problems of Taiwan's rural sector. U.S. assistance to the program continued over more than a decade and a half, until the end of 1965, and since then the Joint Commission has continued to function at reduced levels.

The unique binational formula for developmental cooperation which the JCRR represented has virtually no parallel in U.S. foreign assistance, but it illustrates qualities and characteristics which, in selected circumstances, may have a great deal to contribute to the future design of rural development. It was a truly mutual, joint endeavor, operating under the highest auspices of both countries. Significantly, however, it was a semi-autonomous agency managing its own affairs with a minimum of bureaucratic red tape. Its design called for unanimity in decision making by its commissioners from both countries, and the independence and flexibility of its project-funding provided for both a rapid response to local project needs and for innovative and flexible programming.

Its program had a multisectoral range which readily adapted itself to the wide variety of local rural needs and prospects, and the program was transmitted through a whole network of township, county and provincewide entities. Significantly, the focus of its program was the grass roots of local life, and its nourishment of them was direct rather than governmentally circuitous. High social justice goals infused the whole organization with a sense of commitment. The strategy of rural development which it pursued was pragmatic and adaptive, both to the evolving priority needs of the rural sector and to the local conditions of life.

The JCRR was not a project-operating organization by itself; instead, it supported local associations with funds and technical guidance in their own efforts. It was thus an unusual intermediary for the application of rural development aid—an intermediary functioning at two levels, one as a binational instrument, the other as a source of strength and support to purely local development efforts. Its record of success has indeed left an enduring mark on the annals of international development.

Moreover, as a semiautonomous joint agency, the JCRR was able to develop its own procedures and modus operandi with only minimal reference to those of either the Free China central government apparatus or of the U.S. aid mission.

The point is that the JCRR, because of its broad mandate, could not only operate at all levels of Taiwan development as the central focus for rural improvement, but that it could support the work of other agricultural entities and exert a beneficial influence on their programs, and this in terms of its own operational design.

Organizational and Structural Characteristics

Structurally, the JCRR represented a distinctive and unique rural assistance organization. Its organizational character enabled it to bypass or transcend a number of the many blockages that seem to adhere in the normal counterpart arrangement. These structural characteristics may be briefly identified as follows:

1. A unique binationality. The Commission itself was composed of three Chinese commissioners appointed by the President of the Republic, one of whom served as Chairman, and two American commissioners appointed by the President of the United States. Aside from the very high quality of leadership which this procedure assured, the presidential appointive power also guaranteed the status, prestige and independence to the organization which its mandate required. The important thing about this arrangement, however, was that the joint commission functioned as a unit. It was an integrated professional entity in which national and political differences and tendencies toward bilateral divisiveness had no part. It was a fusion rather than a "partnership." The commissioners reached their decisions by a rule of unanimity in every case.

2. Jointness. The agreement between the two countries which established the JCRR in 1948 recognized the principle of "jointness" from the outset, and its maintenance through the years insulated the organization from unwarranted pressures from either government. The principle of jointness also avoided the popular criticism of AID programs that Americans were in effect dictating the aid policies of the host country.

3. Semiautonomy. The unique binational character of the organization and the principle of jointness in operations assured semiautonomy in terms of internal organization, funding, procedures and programming.

4. Permanent secretariat and unified staffing. Members of the two nationalities formed a unified staff in which specific roles were interchangeable between the two and depended upon personal qualifications rather than national allegiance. Americans were recruited for staff assignments only when no qualified Chinese technicians were available, and hence the Chinese predominated on the staff.

It should be noted, however, that generally JCRR required local sponsoring agencies to make cash contributions to the project in accordance with their ability to do so, in addition to supplying voluntary local labor on the project. The local agency, moreover, was required to maintain a careful and separate account of the use of JCRR funds, and the account was regularly audited. Hence, the funding system of JCRR provided not only for independence and flexibility but also for accountability as well.

The Development Strategy

The overall aid program to Taiwan, which was terminated in June 1965, followed a sound and successful development strategy. The Joint Commission was, perhaps more nearly than any other single entity, the heart of this strategy: it began with monetary stabilization linked to thorough land reform measures; then concentrated on rapid increase in agricultural productivity; and finally emphasized the building of social and economic infrastructure which, in turn, supported the expansion of industry, largely by private investment.

JCRR's central role in the strategy was distinguished by its flexibility and directness of response to local conditions, its marriage of professionalism with innovation, its ability to maintain developmental over political priorities, its avoidance of bureaucratic entanglements and procedural quicksands, and its uncanny sensitivity to the needs and capacities of the microenvironment.

Operating Principles

The operating principles of the JCRR were essentially pragmatic and nondoctrinaire. They evolved in consonance with the character and institutions of rural Taiwan, and emerged from the structural uniqueness of the organization itself. Basic operating principles were as follows:

1. Unanimity of decision making. The commissioners did not formally vote in making operational decisions or establishing policies, but discussed staff recommendations and findings until a clear direction was indicated.

Its decisions were made by unanimous consent, so that all members felt equally and jointly responsible for all Commission decisions and actions. Quite naturally, this principle gave firmness and solidarity to the implementation of the program.

2. Noncompetitiveness with other agencies. The JCRR existed as an "extra-governmental" entity which complemented rather than competed with the agricultural arms of government. Moreover, JCRR was an enabling rather than a direct project-operating organization.

3. Multilevel and multisectoral range. The work of JCRR could be directly aimed at the grass roots village level of rural life as well as at township, country and province-wide projects. Its activities freely ranged between the various governmental levels and encompassed the private sector as well. With much the same kind of operating freedom, the JCRR was not limited to standard agriculture sectoral concerns, but included health, education, credit, public works and other dimensions of rural well-being.

4. Project reliance on local sponsoring agencies. The JCRR was not an operating agency in the standard sense of the term; its business was to supply technical assistance and financing to projects it deemed valid which were to be carried out and maintained by a wide variety of local and regional entities. More than half of its technical and financial assistance was directed to the lower governmental levels and to other local entities. The sponsoring government agencies include colleges of agriculture, the Provisional Department of Agriculture and Forestry, the Food Bureau, the Water Conservancy Bureau, Health Bureau, county governments, and township offices; the private agencies include farmers' associations, fishermen's associations, farm irrigation associations, the Tea Corporation, and the Pineapple Corporation. The thrust of JCRR programs has always proceeded from local levels upward to higher echelons, rather than vice versa as in so many development programs.

5. A pragmatic project approach. All JCRR program expenditures were authorized on the basis of specific projects; disbursements were made only after precise project agreements were entered into with the local sponsoring agency. In most cases, therefore, the project focus was on the microsetting, with resources applied directly (not circuitously) to the local situation. However, the Commission increasingly selected projects for support in terms of the extent to which they fit into a sequence of a broader development strategy for the rural sector of Taiwan as a whole. Essentially, the JCRR criteria for project selection can be condensed as follows: (a) demonstrated need at the local level, (b) arrangements for satisfactory distribution of accrued benefits from the project,

(c) the presence of a qualified and effective local sponsoring and implementing agency, (d) project feasibility with the potential of rapid growth and broad expansion, and (e) provisions for frequent JCRR inspections and audit. In general, it was important that JCRR was oriented to patterns of action that would immediately increase output, productivity and income in the rural sector, but it was equally focused on strengthening the local sponsoring organization.

6. Social justice goals. The criterion for "satisfactory distribution of accrued benefits" mentioned above is only one reflection of an undergirding commitment of JCRR to overall goals of social and economic justice for the rural sector. This important component seems to have infused the whole organization from its inception, and its value to the high esprit de corps of the JCRR, can hardly be overestimated. Actually, this characteristic, even though difficult to analyze in detail, was nevertheless the central ingredient of the philosophy undergirding the entire JCRR effort.

7. A unified professional personnel policy. The staffing pattern of JCRR was distinguished for its professional standards. Personnel policies gave full recognition to professional ability and achievement. For its Chinese staff the Commission was able to establish its own pay scales, in-grade promotions, leave and terminal pay provisions. Its salary schedules were designed to attract the most qualified people for the specific job and at levels which made supplemental employment unnecessary, unlike the bureaucracies of many developing countries.

The JCRR sponsored overseas training programs for some hundreds of technical staff members of a wide variety of national, provincial and local agencies, especially in agricultural sciences, as a support to the upgrading of technical capabilities. At the same time it organized an extensive series of in-service training programs. By 1964 these programs had extended to some 55,000 technical and semitechnical workers (including some 22,000 health workers) and about 590,000 farmers.

8. Semi-independent funding. The provision in the original agreement establishing the JCRR for allocating 10 percent of the total of U.S. aid to agriculture and rural development provided a firm baseline and assured the funding continuity of the organization. Control of its funding processes was relatively simple and direct, and considerably more expeditious and responsive to project needs than would have been the case in traditional bureaucratic management.

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Phasing of the Development Strategy

The overall development strategy for Taiwan proceeded through essentially three main, although overlapping, phases. The 1946-52 period emphasized economic stabilization and land reform. The following eight-year period, 1953-60, was distinguished for significant increases in agricultural production and further support for and improvement of the Farmers' Associations. The third Four-Year Plan period added to the developmental momentum already set in motion, extended essential infrastructural components to the rural scene, and reached a "point of takeoff" which led inevitably to a well-timed phaseout of American assistance. There was nothing doctrinaire about this strategy; it evolved in terms of judicious assessments of progress and needs.

The first couple of years, 1946-48, were necessarily devoted to essential rehabilitation measures. Hydraulic power plants, fertilizer plants, sugar mills, pineapple canning factories, and tea-processing plants, which had either been bombed by American airplanes or had suffered deterioration during the war, were restored. Irrigation systems and dikes for flood control were gradually repaired. With the transference of the Government of the Republic of China to Taiwan late in 1949, the population of the island suddenly expanded from 6.8 to 7.55 million, not including the 600,000 men in the armed forces. Necessarily, principal emphasis was then given to increasing food production. Economic stabilization measures followed.

A major inhibiting factor to increasing food production, however, was the land tenure status of Taiwan's farmers: only 34 percent were full owner-operators, 23 percent owned part of the land they cultivated and rented the rest, full tenants constituted 36 percent, and 7 percent were farmhands. Unlike strategies followed in many other developing countries, this condition was immediately recognized and confronted, leading to a broad and encompassing land reform program.

Elimination of usurious rental rates encouraged many landlords to sell their land to cultivators, the price of land declined, and many thousands of tenants purchased land in the 1949-53 period. Then lands taken over by the Chinese government from the Japanese government—lands which constituted about 20 percent of all arable land on Taiwan—were distributed to farm families. The final phase of land reform took shape in the Land-to-the-Tiller Act of January 1953, which limited the holdings of nontilling landowners.

The overall effects of the land reform program were dramatic. The return for family labor on the farm increased by about nine percent between

1950 and 1955; rental payments decreased about 13 percent, and in the same period total investment in agriculture doubled, and net farm income increased four times. Total agricultural production increased 21 percent.

A key component of the agricultural development strategy of the JCRR program was the reorganization and expansion of the Farmers' Associations. These provided a direct channel, as well as a means of implementation, between the instrumentalities for development, particularly the JCRR, and the farmers themselves. They were developed as a federated system of multiservice cooperative organizations operating on three levels—one association on the provincial level, 22 associations on the county (hsien) and municipal level, and 317 associations on the township level—and servicing all of Taiwan. The association members of each village in the township organized themselves into a small agricultural unit (SAU). The whole system was reorganized in June 1953 along democratic and representational lines, so that the control of the associations rests directly in the hands of farmers themselves.

Services rendered by the associations, particularly at the township level, included rural credit and savings deposit facilities, sale and marketing of agricultural products, provisions for the improvement of rural health and transportation, promotion of rural industry and food processing, settlement of disputes, sale of farm equipment and many other items, rice milling facilities, warehousing of rice and fertilizers, and aid in crop and livestock improvement. In short, virtually the whole gamut of rural needs was serviced through these agencies, and the principal facilities for doing so were at the township level which was directly reachable by virtually every farm family. These many functions were performed, at considerable savings, in an essentially cooperative format.

By 1964 membership in the associations exceeded 700,000, with no more than one from each family. Officers of the associations were elected by the members without governmental interference.

JCRR projects, implemented in large part through the farmers' associations, aimed at direct and tangible results. They stressed crop improvement and increasing production, provision of warehousing and milling facilities, improvement of irrigation and flood control systems, extension of rural health facilities, etc. Most of the JCRR's work was deliberately of a short-range, rehabilitative, impact character with the focus at the grass roots. Inevitably, as conditions improved, the Commission looked up for longer-range agricultural planning, but it is still primarily remembered for the manifold successes in supporting local services and projects rather than as an instrument of central controls and planning.

After 1960 the momentum of agricultural development on the island was well established, and much of the subsequent effort of the JCRR was directed toward the development of infrastructure which could give permanence to the momentum. Measures for improving water resources, capitalizing on marginal land potentials, and the development of forestry and fishery resources were particularly advanced during this period.

The principal advancements which the JCRR stimulated and influenced may be capsulized by reference to the fact that net income per farm worker increased from an index of 100 in 1951 to an index of 157.33 by 1959, and by the fact that agricultural output, by 1964, had increased 50 percent above relatively high prewar levels. JCRR projects also added considerably to the resource development of the island's rural sector—in the replanting of considerable forest areas, in fisheries development, in the extension of rural electrification, and in the extension of irrigation and management of water resources. Rural industries were also much expanded with JCRR support, the extension of the industrializing sector to the rural areas was a critically important factor in improving the general economic climate.

The main point is, however, that the economic improvements stimulated by JCRR, in combination with other factors, directly improved the life of the individual farm family. That indeed was its focus. Through the supporting efforts of the JCRR to local farm organizations, farmers were taught the use of credit and to increase the capitalization of their small enterprises, and were enabled to enter the larger distributive economic or money scheme of things. In the process, farming techniques were improved with more extensive use of fertilizers, pesticides, and improved farming equipment.

This could not have happened without the conscious localization of the development process in the rural sector. That is, perhaps, the real heart of the JCRR experience, and its most enduring success. The support of the Farmers' Associations (and irrigation and fisheries associations as well as township health stations) created a high degree of what one might call the participative democracy of rural economics. JCRR influence on the reorganization of the associations, in terms of democratization, was fully consonant with its implicit social justice goals.

The same may be said for the JCRR influence on the development of the land reform program and subsequent projects which helped to implement the more equitable distribution of land, the prime resource of the farmer.

Improvements in the economic climate of rural Taiwan triggered many improvements in the rural social scheme of things as well. Through extension services the role of women and youth was considerably broadened.

Local leadership in the rural associations rather rapidly shifted from older to younger age brackets. The rapid extension of rural health centers into the countryside was also an important investment in social overhead, as was the expansion of the school system. In short, one cannot help being impressed with the totality of both the approach and the results, in spite of the programs pragmatism and the limited scope of its specific projects.

Some Lessons to be Learned

The following identification of specific transferable characteristics of the JCRR program should not be allowed to obscure its overall integrity and wholeness. Perhaps the indefinable "glue" that held its component parts together is fully as important as the components themselves.

Moreover, Taiwan represented many atypical characteristics and assets which are seldom concurrently available to developing societies. It was relatively small in compass and socially integrated yet economically diversified and somewhat technically advanced. It had available a cadre of highly trained and experienced professionals. Its rural society had a reasonably effective "grass roots" local government system capable enough to be useful to the development process. Its newly imposed central government was not committed to the preservation of a traditional status quo and landlordism or to corporate exploitation. It was a promising situation, but that should not obscure the fact that the JCRR was ingeniously organized and conducted to make the most of those assets.

Some Transferable Characteristic Assets

1. Highest auspices. The fact that the five Commissioners were appointed by the presidents of the two respective countries gave the JCRR at the outset the dignity, prestige and operating strength which relatively few rural development mechanisms have received. This status was reinforced by the fact that JCRR's origin and mandate was an integral and explicit part of the China Aid Act of the Congress. Without this position of strength, it is doubtful whether the JCRR could have preserved its semi-independence from narrower political influences, so necessary to its free-ranging and innovative program, while at the same time working within and progressively influencing the established structures of government and society. By virtue of its auspices, the JCRR became in effect a major bridge between power and people in the rural sector.

2. Commission structure and policy unanimity. The creation of a joint commission for determining and implementing needed developmental change abstracted the mechanism from the many inhibitions present in the traditional bureaucracies. The JCRR, therefore, was able to function

semiautonomously, in both the public and the private sector, and since it developed its own procedures it was able to respond to local needs with both more dispatch and depth than would otherwise have been possible. It is significant, moreover, that the Commission made decisions not by majority vote but by arriving at unanimous agreement. The decision-making process was thus rather a fusion than a balancing of the opinions and convictions of the two nationalities represented, and decisions were made on the basis of professional rather than political points of reference. The Commission therefore spoke with one voice, and nearly always through the person of the chairman who was Chinese, not American. The principle of unanimity undoubtedly added real strength to every decision, which in turn gave added rigor to the work of staff and to field implementation. The unique joint commission formula, with unanimity of decision-making, however, could probably be applied only in situations where (a) a significant cadre of top professionals, highly motivated, is available, and (b) where these professionals can be relatively free of political and governmental constraints.

3. Operational semiautonomy. Given high-level origins and auspices, it is significant that this characteristic (so important to the success of the JCRR) can be projected regardless of the degree of governmental authoritarianism, at least if the host government fully appreciates the need of the program. The semiautonomous device can operate outside of the authoritarian system so long as its goals are consonant with the objectives of the regime. The significance of the semiautonomous nature of the developmental organism must be understood, however, from the start.

4. High-level and breadth of professional capability. The JCRR commissioners, by and large, were notably broad-gauged in their view of the problems to be faced and were at the same time distinguished for the depth and range of their professional background. Policy guidance was thus not limited by narrow specialization. Evidently, also, this broad-gauged view of the developmental process was transmitted to senior and specialized staff, so that specific projects were related to and evaluated in the context of broader developmental objectives. It was clear that the technical specialist was an implementer and not a formulator of policy.

5. Long-range commitment. There seemed to be very little question at any but the late stages, that the JCRR was to be committed to its rehabilitative mandate over an extensive period of time. It was generally not subjected to the funding and staffing uncertainties which so often plague other U.S. instruments of development. The American technical staff was assigned on the basis of normal tours-of-duty (usually two years). The majority Chinese technical staff was committed to longer terms. The continuity thus maintained took on a host national character which had important and useful consequences at the project level. The implications

of the China Aid Act in guaranteeing a financial base for the JCRR program supported this sense of continuity.

6. Independent management of funds. Once allocations had been made in the traditional frame of reference, the JCRR utilized its allocation with its own internal control procedures, without inhibitions from either sponsoring government or the AID mission. There is little question that this arrangement and independence enabled the JCRR to respond to local project needs and opportunities with dispatch and simplicity. There seems to be no reason why independent internal management of project funding in major programs should not be more broadly adopted.

7. Relatively low profile. Although the JCRR was of a uniquely prestigious character, the operations of the Commission were carried out primarily at the grass roots, often through lower-level operatives and with the fullest possible participation by local people themselves. In short, the local project was the center of importance, rather than the central implementing agency.

8. Localization of the development focus. The JCRR essentially bypassed the "filter down" theory and practice of most traditional development programs attached to central government ministries where the transmission belt to the grass roots is generally either weak or nonexistent. The JCRR created a transmission belt which was both direct, unencumbered with bureaucratic or political interlayers, and quickly responsive. It went direct to the grass roots, to the project level. It is true that it had an unusual advantage in doing so because of the existence of a basically effective local organization of the rural sector and an active and participative local government apparatus. The fact remains, nevertheless, the development does not really happen until it happens in the local fabric of society, and as a general rule the more direct the transmission is from aid mechanism to local life, the more immediate and positive results can be anticipated.

9. The pragmatic project approach: range and flexibility. The JCRR program was an encompassing one, and though its focus was on the local project, its overall program view transcended specific sectoral barriers. If its view of local rural development was nondoctrinaire, it nevertheless did not lose sight of the fact that project development must fit into the matrix of the local society as a whole and complex organism. It shifted the emphasis of its efforts as changing needs and conditions warranted, from land reform to food production to the building of local infrastructure to national planning. A very sound development strategy emerged from this flexibility.

10. The noncompetitive factor. The JCRR was essentially an "extra-governmental" entity of high status and auspices which transcended traditional ministerial operations and pressures. Its position with regard to ministerial level concerns was both cooperative and additive, and the factor of intergovernmental competition was simply not of serious concern.

The joint public commission form of organization with its top-level auspices may be particularly effective devices for avoiding the competitive factor. Especially is this true if (a) its mandate for program is multi-sectional, thus transcending departmental limitations; (b) it effectively cooperates with and supports departmental objectives at the project level; (c) its administrative and operational activities are of an independent character and are not located within a specific department; and (d) its program thrust is localized, in the micro-environment which is seldom directly affected by central government operations. It must at all costs, however, avoid giving an impression of "empire building" in the bureaucratic sense of the term and of competing for manpower. Staff should not only be minimal but also of the highest calibre, so that staff status would seem to remove recruitment from political influence.

XA-ABB-194-B

Appendix B

THE ACADEMY FOR RURAL DEVELOPMENT IN COMILLA, BANGLADESH

In the chronicles of international development what is known simply as Comilla -- that is what was formerly the East Pakistan Academy for Rural Development (EPARD), located outside of the town of Comilla in Comilla thana or county -- must be reckoned as a landmark with an influence far beyond its range of operations. Virtually all development practitioners who have anthing to do with the improvement of rural conditions and peasant life sooner or later knock at its door. And whether or not the practitioner leaves imbued with the mystique that seems to surround it -- and it has its detractors as well as enthusiasts -- the Comilla reputation has influenced development thinking far and wide. In large measure the reputation is richly deserved.

That is due in part because of its uniqueness. It was an institution set up by the Government of Pakistan, but it performed its role with a great deal of independence and in many respects influenced the government more than vice versa. It was an agency of community development, but it departs notably from traditional community development doctrine and approach. It was also an agency for agricultural extension, but here too it departs from standard extension practice and theory. It was also an educational institution, an academy as its title indicates, and while its educational program may not be unique, it seems to have exhibited both a flexibility and a reality seldom found in training institutions with similar objectives and clientele.

For a good many years consideration has been given to replicating this unique institution both in other thanas of East Pakistan and in other

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development programs outside of Pakistan. But little happened on this score until recent years. The staff of the institution, dedicated as it is to the "bottoms up" direction of the process of development, would contend that the will and resources for replication must come from the people of an area rather than from a sponsoring or fathering institution. Imposition of a development pattern or an institution from above, by a central government, is not the Comilla way.

Perhaps another basis for EPARD's reputation is its survivability. Since its origins in 1959 enormous political changes have occurred in Pakistan, the constitutional basis of political life has changed several times, government programs have shifted gears, pressures on the land have increased, the province has been wracked with natural disaster and civil disturbance of vast dimensions. But the Academy has consistently weathered the very significant tensions and changes which have troubled East Pakistan, now Bangladesh, through much of its history.

Today, after a terrifying civil war, the new government of Bangladesh's rural development program is freshly imbued and inspired by the Comilla grass roots approach to development - and this in spite of the fact that its founding father returned to West Pakistan and its history and program were interrupted and severely jolted.

The leadership at the Academy has consistently referred to its work as "experimental" and as a developmental "pilot". There is a refreshing candor in this; Comilla does not pretend to have pre-operative "answers" to the development problems confronting it. Its whole design, stemming from the first days when a Ford Foundation-sponsored team from Michigan State University worked with Khan in mapping out the role of the Academy, has

been in the nature of a practical laboratory "to apply the scientific method to practical affairs." It is an institution that collects data scientifically, subjects them to objective analysis, applies the findings to practical programs, tests them out and shows unusual willingness to risk mistakes and learn from them, and in the process sets the pace for province-wide developmental efforts.

The evaluative methodology employed by the Academy may not be of the most rigorously scientific character, but for the most part it is nevertheless refreshingly honest and objective and is presented, unlike much evaluative material, with interest and verve. Much of it has the added advantage of being cast in its historical context rather than merely in a scientific vacuum.

The Bangladesh Setting

The accomplishments of the Academy seem to take on "larger than life" proportions if considered in the light of the geographic, poligical and socio-economic conditions which have troubled the life of East Pakistan.

Within the country itself, conditions of life have resisted improvement, even though much "progress" can be traced in stemming the tide of deterioration. The 1961 census indicated that no less than 94.8 percent of its residents live in rural areas. Moreover, the cultivator has one of the smallest productive units in the world -- a receding average farm area of 2.9 cultivated acres, but more than half the farm familites subsist on less than an acre and a quarter, and nearly 30 percent on less than a mere quarter of an acre (1964). It has been estimated that nearly 42 percent of the farm families can be classed as near-landless or virtually landless. Lacking resources of any kind, most of these are simply cut out from participation or benefit in even the simplest and most direct developmental efforts.

The Pakistan government, which formerly controlled East Pakistan from a thousand miles away, developed a substantial hierarchy to stimulate improvement in local life. At the heart of this was the Basic Democracies Order of October 1959, adopted about a half year after the birth of the Comilla Academy. Direct popular election of councilors was limited to the primary units, the bottom of the hierarchical ladder which is composed of the union councils which generally have a jurisdiction over some 10,000 inhabitants scattered in villages and wards. There are about 60,000 villages in East Pakistan and about 40,000 wards which are represented in the 4,053 unions. Elected members of the union councils elect their own chairmen who are ex officio members of the council at the next higher level, which is the thana.

The thana, of which there are 411 in the country, today generally includes somewhere in the neighborhood of 200-400,000 inhabitants. It is the action center for local government and development. In spite of its size, it is the smallest unit of civil administration, since the union councils are primarily representational rather than administrative organs. Most central and provincial government departments are represented at the thana level by officers stationed there. The thana council consists of the union council chairmen plus 25 percent officials of the provincial government and 25 percent appointed members. The thana council was established with the specific objective of coordination. That is, its purpose was to bring together the local needs and recommendations presented through the union councils with the technical and financial resources of the provincial and central government. The thana council is where it all comes together. Various layers of government, however, existed on top of the thana and presented a rather awesome hierarchy and chain of command.

The system clearly recognized the overriding importance of training of the "Basic Democrats" -- that is, the leaders of the union councils -- and the Comilla Academy was made responsible for developing the syllabus and scripts for a nation-wide training program. Four major programs of the Government were created to accelerate development. These did not, however, answer the problem of the near-landless, and in fact the four co-existing programs contained the seeds of conflict and competition for lack of a single, fully articulated strategy. It is worth reviewing these four programs briefly, if only to put the role of Comilla in its larger perspective.

1. Accelerated Rice Production Program (ARPP): a proposal for introducing high yield varieties to achieve grain self-sufficiency, with correlation of other inputs, particularly pumps and water control through cooperatives. Analysis of the proposal, however, indicates that it would have little direct contribution to the income of the landless.

2. Integrated Rural Development Program (IRDP): known as the "Comilla replication program," IRDP proposes to develop a thana central cooperative association, like that of Comilla thana, in all 411 thanas throughout the country. There is little to indicate, however, that the cooperatives will escape domination by the surplus farmers to the detriment of the near-landless.

3. The Rural Works Program: a labor-intensive program of road, irrigation, drainage and other public works which is intended to provide employment for large numbers of landless and near-landless in off-seasons. It began in 1962, with AID financing in large part through P.L. 480 counterpart funds. Many of the projects undertaken by the program (specifically a heavy concentration on road building) have tended to be of prime benefit to the surplus farmer rather than the near-landless.

4. Water and Power Development Agency (WAPDA): a capital-intensive program principally interested in large-scale projects, with principal support from the IRDB (World Bank), but with "little interest and no expertise in who uses the water it develops."

From the very first it became evident that the Academy would have to perform two kinds of functions. The officers emphasized their need not only for theoretical training in the professional sense of the term but also for opportunity to observe and participate in its practical field application.

The Academy undoubtedly had a significant influence, particularly through Akhter Hameed Khan, on the formulation of the Basic Democracies system and concept. The training function of the Academy, given the practical field orientation and interests of the staff, led inevitable to direct involvement with the new functions of union councils and with the formulation of plans carried out through the Comilla Thana Council. Thereafter, the interests of the Academy and the council were closely welded together. Their united activities soon diversified into three main channels which were frankly regarded as and called "experiments":

1. The Pilot Cooperative Experiment recognized the village (rather than the union or the thana) as the primary social unit for the development of cooperatives which could not only supply the need for supervised credit at far lower rates than the usurious conditions imposed by private money-lenders but could also introduce improved agricultural practices. The Comilla method is to identify the proper kind of leadership in the village itself by village selection, provide the leader with on-going instruction on a weekly basis at the Academy in his kind of terms of understanding which he passes on to the village primary group, developing thereby a village discipline of savings and thrift even in the most modest circumstances, and only at the end of this chain organizing the village cooperative when conditions are ripe and the common will is present. Unlike many cooperative programs, it places heavy pre-organization emphasis on the development of the discipline of savings, and it does not rely on the village itself to supply the managerial component. The latter is supplied by a Thana Central Cooperative Association. Under this plan the thana association not only supplied the management function but also operated the cooperative bank and training school, maintained a machine rental station

and a machine repair workshop, and established a cooperative store.

2. Experiment to improve local government administration: This program involved setting up the new thana system of bringing together government department officials and the inputs of the twelve Union Councils in the thana into an effective interrelationship, with the Circle Officer in the integrative role. The problems of this experiment were principally twofold: (a) coordination among the component groups, and (b) mobilization of the rural unemployed to carry out local public works programs. In both cases, of course, an intensive educative effort was required through the facilities and resources of the Academy

3. Adult training and education experiment: This effort ranged over a great deal of territory, from the testing and introduction of new seed strains and farm methods to family planning and supervised credit.

The Rural Public Works Program was inaugurated in 1961-62 at about the time that the above three "experimental" efforts had reached a take-off stage, and the result was that Comilla became the pilot for the Works Program throughout the province. Comilla thana was thereby well prepared to set the pace, again in a laboratory forma.. From the villages and the union councils it was quite apparent that the principal public works need was water control -- drainage channels, desilting, embankments and other works to prevent the more serious kind of flooding in the monsoon season; the extension of irrigation for water use in dry season to permit the growing of three crops, rather than one or two, on a year-round basis. Planning had to be carried out at village, union and thana levels (with due regard for neighboring thanas and the total drainage area).

Agricultural extension programs, of a rather unique character and not according to traditional extension theory and method, quite naturally

simplified for this purpose, the cooperative federation extended credit for improved inputs, and the system of extension was based on the "model farmer" principle whereby improvements were introduced, not by an expert from outside, but by farmers who were recognized leaders in their own villages. The Academy's demonstration farm and the services of Japanese experts and of Peace Corps volunteers were mobilized for the purpose. Substantively, the program included the introduction of fish farming, experimentation in small dairy development, plant protection, sericulture, small-scale spinning and pottery industries, youth club projects, irrigation technology, even the introduction of agricultural training in the schools. One of the chief components of the program, which utilized the organization of the village cooperative and their thana federation, was the introduction of mechanical irrigation by low-lift pumps on a rental basis, which involved tubewell research and development.

In all of these activities, most of which are continued in one degree or another to this day, the training role of the Academy and the "pace-setting" of the Development Centre were absolutely central elements.

Transferability

The Comilla model, with its Academy and Thana Development Centre, with its work-sharing project committees, village cooperatives and other "infrastructure," has been able to avoid the misdirectioning of local political power and responsibility within its own thana theatre of operations. It has built deeply and securely into the fabric of local society. Without that kind of depth, mere replication of the structural form seems fraught with difficulties. It is, however, more than a matter of depth; if the coordinative "nerve center" of the development process at the thana level is to be successful, it must pay the price of ceaseless vigilance.

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Diffusion of benefits and democratization are the principle objectives of the Comilla program. In that sense it is very different from most capital-intensive programs and ones that measure results in GNP variables.

In considering the "transferables," one must remember that the character of the institution itself is a reflection of the peculiar, sometimes unique, characteristics of the society and culture out of which it was born. Nevertheless, the well-deserved international reputation of Comilla suggests that, abstracted from its setting, the model does offer a number of unusual characteristics which may have more universal applicability.

1. The organic view of local society. The Comilla model is built on an understanding of the local fabric of life as an organic whole in which all elements and conditions -- government, production, natural conditions, social structure, economic needs, cultural forms and aspirations -- are closely interwoven. Critical elements of this wholeness -- interlinkage to the larger region and the province, water control, farm production inputs, credit, etc. -- may, of course, be separated out of the fabric for special consideration and action, but the importance of the Comilla model, as an instrument of development, lies in the effort to orchestrate the totality of these elements.

2. Unity of training, research and action. The Comilla model, though based originally on the primacy of the training function, soon discovered that practical field research leading to direct action programs not only reinforced the validity of what was taught but also worked conjointly to stimulate the development process. The Academy and the Development Centre were thus organically interrelated in both philosophy and function, and these functions were not compartmentalized in the traditional sense of the term.

3. Centrality and status of leadership. Considerable concern has been implied, if not overtly stated, about the central personality of Comilla. Akhter Hameed Khan, in many ways, was Comilla, in spite of the fact that he is no longer the Academy's active director. His spirit continues to penetrate the entire operation. In its oriental context, Khan's leadership and charisma constituted an essential component in the development of the institution. But the institution has been built both lovingly and firmly, and it seems reasonable to bet on its survival -- not in spite of but because of its origins and mystique. Other areas of the world may not need this particular pattern of leadership, but the institutionalization of socially significant movements, particularly in politically and economically hostile environments, require not only central leadership; that leadership must also be infused with compassion and greatness. The movement must find that kind of man who "puts it all together".

4. Long-range view of development. The Comilla methodology recognizes that in a transformation of an essentially feudalistic closed society into a free and open society, development requires a long-term commitment to changing not simply the forms and inputs but the attitudes and goals of the people concerned. Structural without attitudinal changes are not only meaningless but dangerous, and such changes do not take place within the time-span of a biennial appropriation or a five-year plan. The stratigraphy of a society changes slowly, and patience is of great importance. Development is people, not a game of econometrics and terminal schedules. Sooner or later the Comilla view of the long-range pace and process of development must be given a fairer consideration.

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5. Geographic and structural focus. Efforts to extend the Comilla model upward into the higher levels of government hierarchy and beyond the confines of the thana had only limited results. The call to EPARD to set up similar sub-academies in other thanas somehow did not get implemented either. But there is a case to be made for keeping the geographic and structural focus limited. Comilla thana is itself a pretty large canvas. Moreover, the thana-level is where the action for development takes place in real terms. Even at the national level the great value of the Comilla model is its pilot and pace-setting character rather than its replicability.

6. Local formulation of programs. An important principle at the heart of the Comilla model is that the actual content and substance of change must be determined by those affected most directly by it. Program is not imposed by outside "experts" but takes its shape and establishes its priorities from within the local body politic. What the development laboratory offers to that process is scientific analysis, structural guidance, and instruments for marshalling resources.

7. Training takes first priority. The Comilla model most clearly recognizes that re-education for development is the first step in meaningful development activity. At Comilla the educative part of the process penetrates all sectors involved -- villagers, union leaders, thana officials, provincial officials, even the Academy staff itself. Furthermore, training is necessarily an on-going function; new elements of change are constantly appearing and require fresh insight and analysis. At Comilla, apparently, there was a genuine excitement created through this learning process, an excitement that seems to have developed a high degree of solidarity. The Bengali farmer responded unusually well because the educational methodology developed by the Academy was specifically designed

Building institutions for change, like the educational function at its heart, is a slow process. Eventually, we shall have to learn that there are really no quick short-cuts. Perhaps that above all is the Comilla message -- one that is particularly difficult for the quick-action-oriented westerner to accept. It is not so much a matter of speed and pace, perhaps, as of depth and solidarity.

THE SERVICIOS OF LATIN AMERICA

Brief Summary

Servicios represented a major instrument in the earliest general strategy employed by the United States government in what became its foreign assistance program. The servicio "strategy" indeed dominated U.S. foreign assistance in Latin America through most of the postwar years until about 1958. Basically, the servicio was an administrative device through which the host government was better able to assimilate U.S. aid and the administration of its own programs. A vigorous debate on the value of servicios raged within the Agency in 1960-61, the conclusion of which was that we should alter our approach and replace it with a counterpart relationship of a more purely advisory character.

The servicios directly involved U.S. as well as host national technicians in field operations and local projects, whereas most counterpart technicians of more recent vintage are limited in their advisory role to central government ministries. The servicio technician was also attached to a ministry, but the servicio itself was a semi-autonomous entity within that framework, sometimes headed by a U.S. official and established by a joint agreement between the U.S. government and the host country government.

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Most servicios concentrated sectorally in three fields of endeavor--in health and sanitation, in agriculture and food production, and in public elementary and secondary education. Each servicio endeavored to apply its sectoral program throughout the host country as much as possible, and at one time (1955) 42 servicios were at work in 18 countries in Latin America.

Although theoretically a part of the applicable ministry of the host government, the main thrust of servicios was directed at the grass roots of local life. They were action-oriented rather than advisory-oriented instruments with their operational focus fixed on the local project.

They were clearly instruments for the diffusion of technical knowledge and resources, and while there is no question about a variety of shortcomings appearing through the fabric of this "first aid strategy", there is also little reason to doubt that servicios left a developmental impact on the administrative culture of a number of Latin American countries.

Characteristics of Servicios

Basic operating principles and servicios generally included the following:

1. The servicio was a part of the host government and not properly a part of the aid agency, nor a semi-autonomous commission like the JCRR. It belonged to and theoretically became a part of the host ministry.

2. U.S. technical and administrative personnel assigned to the servicio were "integrated" into the ministry in a staff context.

3. Administration of the servicio was of a joint bilateral character, and field operations were carried out jointly by technicians from both countries.

4. Usually the servicio was to carry out project operations in the field rather than serving only as an advisory body.

5. The servicio's program was shaped up as a variety of projects in a given field of activity, with application pinpointed in many diverse local areas.

6. The bilateral nature of the servicio (in spite of its being a part of the host government ministry) helped to protect its program from local political pressures and changes and thus assured continuity of operations--presumably until the ministry was by itself capable of carrying on the work.

7. The servicio was essentially a technical enterprise, with the principal technicians (rather than administrators) making the basic decisions regarding organization, planning, reporting, and administration as well as operations.

8. A special bank account was established for the servicio which was to contain program funds contributed by both the U.S. and the host country, as separate from the ministry's or host government's accounts, to avoid red tape of the host government's fiscal procedures, to allow quick response to project needs, and at the same time maintain careful fiscal controls.

9. Expenditures from this bank account were limited to purposes described in the basic program agreement and to more specific project agreements determined by joint staff project studies and operating plans.

The organizational character of servicios varied greatly from country to country as well as from sector to sector.

Latitude and flexibility must be considered a characteristic of the servicio system. The creators and organizers of servicios were generally pragmatic and behavioristic in their educational philosophy, more eager to cut the cloth to fit the job than vice versa. A basic theoretical aim of the servicio--both at the ministry and at the field level--was to support an educative process. The structuring of working relationships between the technical team and the ministry emphasized that a day-to-day learning-by-doing-together was the best central office approach to the transfer of technical assistance and development motivation.

It was a quite different matter from the "advisory" role of the technician who consults and suggests to his counterpart but does not directly participate in operations. The servicio was thus an operational mechanism.

Structure of the servicio accommodated itself to the principle of jointness in program administration between

the ministry and the U.S. technical mission. This required mutual commitment not only in the form of the basic bilateral agreement but also in each series of integrated projects, each of which required agreement and signatures of the host country minister and the head of the U.S. mission. Project implementation was then to proceed by the joint efforts of host country and U.S. technicians working together within the ministry framework.

The principle of jointness was demonstrated not only in program administration and implementation but in financing as well. The basic agreement creating the servicio provided a contractual obligation on each government to contribute the amount stated for the program on a scheduled basis. Mutuality was maintained by granting the veto power to both the minister and the head of the U.S. mission over the annual operations budget, which funded the projects.

The great majority of servicios were single-purpose agencies; that is, their project focus was limited to and circumscribed by goals in a single field of activity--in this case, agriculture, health or education. Often, however, the programs were spread too thinly in terms of geography. Not infrequently two or more kinds of servicios were simultaneously at work in the same area, but there is little evidence that their programs were effectively coordinated or interlinked. Hence the sectoral interlinkages so important in the over-all development process, so important especially to a technologically unsophisticated local society of an organic nature, tended to be overlooked, as "chicken specialists could see only chickens".

By 1955, 42 servicios were operating in 18 of the 20 Latin American Republics (Argentina and Cuba excepted)--17 in health and sanitation, 13 in agriculture, 11 in education and 1 in industry. U.S. direct hire personnel in the servicios probably peaked in 1957. But by 1958, the influence of the extension philosophy on U.S. assistance strategy began to wane. Starting in 1958 the U.S. share of servicio program costs fell close to zero in several countries, despite the fact that the servicio budgets had grown in absolute size.

During the latter years of the servicios, host governments tended to increase rather than decrease their financial support to servicio programs--an indication that some of the spirit and message of the servicio approach had been at least accepted and in some cases (as in the continuation of the Peruvian and Honduran agricultural servicios) had been successfully transplanted.

The agriculture servicios were functionally quite diversified, although their principal thrust was agricultural extension. The Peruvian example (SCIPA) carried out major projects in developing host country agricultural extension centers and activities, administered a fund for "reimbursable facilities" (machinery, tools, insecticides, seeds, livestock, etc.), created a supervised credit plan, and supervised the regional Mantaro Valley Plan. The latter was a community development type of program based on generating local agricultural leadership and increasing food output of medium-scaled farmers through demonstration of improved techniques. The Peruvian agricultural servicio had a long life, probably the longest in agricultural servicio history (with the possible exception of STICA in Paraguay). It sponsored over 300 farmers associations or Agricultural Community Committees.

As a whole, the servicios, within their sectoral areas, represented a broad spectrum of function rather than a narrow concentration of professional inputs, as in many of the more recent technical assistance programs. Progress and accomplishment were, perhaps because of that, less clearly measurable and precise. Some have tended to feel, indeed, that servicios endeavored to undertake too much, and it is probably accurate to say that the wide-swath geographic spread of program too often resulted in a loss of focus and definition. On the other hand, the broad scope of the servicio methodology provided the flexibility necessary for coping with the organic nature of under-developed non-technical local societies. It may also have been responsible for developing a climate of excitement among servicio participants, a real sense of mission and commitment, and a people-orientation, which are sadly lacking in many narrower and more professional specialized and sophisticated programs.

The Institutional Variables

Only the grossest generalizations may be formed in regard to both technical and sociopolitical leadership which surfaced as a result of the servicio programs. A number of the larger and better-funded programs, however, did place a high priority on both the training of local internal staff and on training activities to develop leadership in project areas. There is some evidence that these efforts paid off and had a permanent value to various ministires, but the record as a whole is not documented. It is likely that leadership results were better in terms of program commitment than in the increase of technical competence, and the accretion of commitment undoubtedly influenced behavioral change.

Even though the servicio policy may have lacked over-all clarity and consistency, there was a high motivational content in it. A people-oriented diffusion of development became the name of the game. For one of the relatively rare times in development history, technological transfer was imbued with a high social purpose, and this marriage of technology with social purpose produced a rather remarkable collective cohesion among the participants.

Both sides of the bilateral arrangements seemed, during most of the servicio history, to respond well to their funding responsibilities--the United States in the earlier stages particularly, and the host governments in the later stages. Since contributed funds were immediately placed in a special servicio fund, this arrangement permitted the servicio to regulate project allocations in its own terms. This seems generally to have permitted them to manage the funds with more dispatch than through normal government or mission red tape. Internal staff training and development was, as already mentioned, a high priority with many servicios, and personnel policies provided adequate rewards for full-time service and commitment more often than did normal ministry arrangements.

Assets and Liabilities

The over-all enabling formula of the servicios may not have been as promising as that of the JCRR, but the latter was a special case of more limited application which received the very highest auspices because of the specific political implications. It is highly unlikely that the special "joint commission" form of assistance could be multiplied in dozens of different operating theatres with the same degree of independence. To some degree, that statement may be challenged by reference to the earliest stage of servicio history when the program was launched under an over-all Coordinator for Latin American Affairs who reported directly to the President. Even then, however, the host country part of the agreement had less status than in the case of the JCRR. It had Presidential approval certainly, but the agreement was with a specific ministry and thus limited in its operational independence.

Nevertheless, the servicio enabling formula, while perhaps not as "pure" a formula for joint operations, shared with the JCRR certain enabling assets as well as liabilities.

1. The formal agreement itself between the U.S. government and the cooperating government, which established a specific servicio, endowed its program with a sense of importance, prestige and dignity.

2. The agreements gave an unusual degree of durability to the servicio programs and a sense of a relatively long-range commitment.

3. A number of servicios demonstrated a high capability to continue unscathed by internal political pressures and changes of government. This survivability had important consequences for providing continuity to technical assistance in Latin America.

4. The device of the separate servicio bank account reinforced continuity and operational independence, and permitted relatively rapid response to field needs. The flexibility of the arrangement permitted the proportions of support from the two governments to change, a condition which tended to encourage host governments to assume an increasingly greater share.

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5. At least in theory the servicio was integrated into the government apparatus of the host government. While this integration undoubtedly presented a number of problems, it at least offered some safeguards against external dominance.

These assets were, of course, no unmixed blessing. In actual application the enabling agreements and linkages showed debits which might readily be avoided in future use of the enabling formula.

1. The enabling agreements (and presumably the negotiations that led to them) were perhaps over-generalized in that they failed to provide clear, precise and detailed definitions, objectives and program criteria.

2. Host ministries were seldom prepared to integrate the servicio program effectively or to adjust to its highly innovative thrust. As a result, the servicio often became internally competitive--a condition which the JCRR, for example, was able to avoid. The feeling of competition within the ministry tended to shape the servicio as a separate enclave within it.

3. The tendency toward American dominance of servicio planning and operations, though by no means a universal condition, nevertheless persisted in many areas.

4. Phaseout of U.S. support to servicios was frequently too precipitous and lacked effective preparation and planning.

Administrative and Management Factors

In spite of the relative longevity of the servicio experience, there is little evidence to suggest that an effective management rationale and system evolved. (There were exceptions of course.) The servicios were primarily technical instrumentations, and a review of the experience

suggests that the management factors were given only secondary consideration. In additon to the internal funding arrangement noted above, however, servicio management did reflect two sets of assets which deserve their due.

1. Servicio management tended to encourage and reinforce a spirit of personnel commitment, a sense of mission, which the standard advisory counterpart system seldom achieves. This had significance not only for field diffusion but also for the central host ministry and the headquarters team.

2. Servicio management operated in a framework of procedural independence--that is, it developed its own internal procedural system which avoided, to some degree, the generally over-elaborate bureaucratic red-tape of both ministry and country mission.

3. In addition, one should note that the personnel arrangements in most servicios emphasized a full-time commitment, contrary to many host ministry practices, and consequently paid more adequate salaries to host country personnel than was usually the case. Although this may have created some frictions and jealousy, it did help inject a more responsible attitude toward government service.

Lack of a general management perspective and rationale, however, led to conditons which tended to nullify some of the most far-ranging possibilities of achievement and in the end led to a mounting criticism of the servicios' inadequacies. To some degree at least, the fault was traceable to Washington rather than to technician-directors or the field operation. For it is unfair to assume that men whose entire training has been as technicians and then placed in charge of management responsibilities, could suddenly blossom as effective managers. One observer noted--"This is like putting a camera team in charge of a movie production. It can work with a special breed of camera technicians. The U.S. extension advisers and their

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counterparts were not of that calibre: Their training was not suitable, and the recruitment process selected them on criteria other than ability to design and carry out integrated rural development programs." Most were, in effect, selected more for the degree of their technical knowledge than for their ability as managers, planners and integrators.

There were many debits that resulted from this condition, but among the most important perhaps were the following:

1. There was a tendency of servicios to evolve into isolated enclaves somewhat separated from the total government environment of which they were supposed to be a part.

2. Over-eagerness to demonstrate field results and a transfer of technology tended to shortcut such basic requirements as pre-action surveys of local conditions. The consequent lack of benchmarks tended to reduce the effectiveness of monitoring and periodic evaluation, as well as of the program itself.

3. Field program evaluation had not yet evolved as either an art or a method in foreign assistance, and evaluative incapacity, fully demonstrated by the lack of really effective documentation, was one of the causes of the mounting criticism in the later stages of the servicio experience.

4. Part of this was due to the reporting inadequacies of servicio management. It was generally unprofessional, even amateurish, and no system existed evidently for meaningful progress reporting from which could be established a "history" of the program.

5. Inadequate linkages (a) between servicios operating in the same theatres, (b) with private sector agencies serving the same clientele, (c) with research institutions with useful substantive inputs--these inadequacies meant a loss of strength and mutual reinforcement. In the most serious cases they ended in the servicio's working in a vacuum.

Operating Factors

For all their administrative shortcomings, a persistent impression remains that the servicio experience as a whole was operationally highly innovative, particularly in view of the conditions that prevailed in the operating theatre. The innovative spirit underlying the servicios, and their philosophy of diffusion and social purpose, created the sense of excitement about the enterprise which has been noted previously. While in the character of its auspices and its management the servicio was something of a "mixed bag", its operational breakthrough is largely on the credit side of the ledger. When Congress inserted Title IX into the Foreign Assistance Act, the Agency was, in effect, forced to reconsider priorities which the nearly forgotten servicio experience had represented, if only in a pioneering and somewhat fumbling way.

1. As a whole, the servicio must be credited with at least an innovative intent, an approach to the problems of inducing positive change in the fabric of local societies which was outreaching and imaginative, in spite of an overreliance on technology per se.

2. Perhaps the principal contribution of servicios was its philosophy of diffusion, its spread effect, its thrust beyond generally narrow parameters of government in tradition-bound societies.

3. In the servicio the thrust of technology, brittle and "amateurish" as it may have sometimes been, was oriented to people of small means and few resources, and one has the impression that this high social purpose did leave a significant residue even though as an institution-building device the servicio faded.

4. The servicio gave a field focus to the development effort. It had outreach, and what was or was not accomplished in the field was the central consideration.

5. The action-orientation of the servicio (as distinct from the merely advisory role) steadily reminded its participants that the name of the game of development was really at the end of the line of the delivery system. If development did not occur there, development did not happen.

6. Though perhaps the quality of technology which the servicios endeavored to transfer was sometimes brittle, too North American, or ill-advised, the impression remains that they were what one might call technically adroit, reasonably adaptive to local conditions, fairly flexible, and sometimes hearteningly imaginative.

Several general operational factors, however, tended to hobble and impede the operational accomplishments.

1. The countrywide mandate of the servicios often affected the delivery system adversely. The contribution of the servicio was spread too thinly, over too large a geographic area, without enough effective concentration on project situations which showed signs of "take-off" and perhaps too much concentration on situations which didn't. Diffusion (as a philosophic asset) had its limits.

2. The "delivery system" of the aid agency proved seriously deficient in accommodating project needs in many small and modest ways, and seemed quite unable to supply simple inputs which could have made a significant difference in project progress.

3. In many cases linkages with local groups in the project area, particularly those of a traditional social character, seemed to be insufficiently developed. If they were nurtured, they seemed to be of a rather stark and ephemeral nature.

(1 of 2 airgrams)

AID Airgram to Field Missions dated September 21, 1972

Subject: Priority Development Problems and Sector Analysis

....It might be useful to distinguish among what we mean when we refer to Agency goals, sectors, subsectors, and priority development problems. The Agency's overall goals include raising per capita income, improving income distribution, and encouraging civic participation. By sectors we refer to such highly aggregated portions of the GNP or of government activity as agriculture or education. The point has been raised that while one might do an analysis of such aggregates as "rural development" or "population," they are not properly "sectors," as the term is conventionally used. Be this as it may, in the absence of a better word we are using the term sector broadly to include such "sectors." By subsectors we refer to subdivisions of sectors, such as rice production within agriculture, or primary education within education. By priority development "problems" we refer to significant problems, relating to one or more subsectors, on which we can focus our attention and resources as an agency in a meaningful way.

A. Subsectors and Problems

Priority development problems can be pursued either within a "conventional" sector or subsector (e.g., agriculture or foodgrains) or outside it. For example, an area of increasing concern is employment and income distribution aspects of agriculture, particularly the problems of small farmers and landless laborers. A recipient country and mission which wished to focus on the problems of small farmers and landless laborers could do so either within a major crop subsector or by a cross-sectoral approach to the problems of small farmers and landless laborers which would include the economic and social context in which small farmers/landless laborers live. In either case both production and income distribution issues should be dealt with. But the "conventional" subsector approach might suggest, for example, a credit program, skewed towards small farmers. In contrast, the cross-sectoral approach might lead to recommendations for a combination of rural public works and education programs, as well as measures to increase production of a crop or crops. The differences between the two should not be overstated. They are of degree rather than kind; where desirable, and where manpower resources allow, the two methods can be combined.

In proposing programs, recipient governments and missions should determine whether, under the circumstances pertaining to the recipient country, they wish to pursue their focus on problems through analysis of sectors/subsectors

or through analysis based on an approach that cuts across sectors. Whichever approach is used, and however broad the analysis, AID-financed activities should be focused on a small enough area so that our input (along with complementary inputs by the host government and other donors) will be sufficiently concentrated to achieve a significant impact.

B. Analysis of Priority Problems

Some confusion has arisen between the concepts of sector analysis and analysis of priority development problems.

As suggested above, one can analyze a priority development problem either in the context of sectors/subsectors or in the context of a cross-sectoral approach that cuts across several sectors. Whichever approach is used, two points should be noted:

(1) The type of analysis may vary depending on the situation in each case, but the analysis should be broad enough to encompass, to the extent feasible, all elements essential to a full understanding of the problem however the problem is approached.

(2) Once the general analysis is completed, it is essential to focus more narrowly on the priority development problem or problems being addressed.

An example may be useful to illustrate these two points. A country may decide on an analysis of the total rural development sector (not just agriculture) in order to determine the optimal mix of programs and policies for output and income distribution objectives. By so doing, the analysis would hopefully show the broad interrelationships involved among various elements of the rural sector. However, AID assistance should be focused on one or a few well identified and high priority development problems within that sector (e.g., on a program to help small farmers through credit plus rural works for off-season employment, or on a program to increase yields of a major cereal crop). Our point is that while "rural development" may be a useful framework for analysis, it is not a problem (nor is it a project or program). Missions should focus their programs on discrete and important problems raised by the sector analyses.

As a practical matter, we expect that the analytic support for priority development problems will be in many instances drawn from sector or other analyses that already exist or that will be prepared for other purposes—e.g., as part of the support for the recipient country's development plan, justification for major World Bank involvement, etc. The important point to keep in mind is that it is necessary to pull together various analytic

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materials in such a way as to support the focus on the priority development problem itself—however the latter is defined.

C. Which Comes First: The Problem or the Analysis?

Some persons have raised questions as to whether problems can be defined prior to making an analysis or only after making an analysis. As a practical matter, we suspect that one will not precede the other in an orderly, formal progression. Rather, it is much more likely that the host country or missions may have a reasonable understanding of what the country's development problems are, and these may be refined and changed by subsequent analysis. And it is possible that the original idea could come from existing analysis done for another purpose. Whatever the initial sequence of events, we believe it should be possible to end up with a well-defined priority development problem supported by an adequate analysis.

D. Quantitative and Qualitative Analysis

Some people within the Agency reserve the term "analysis" for analyses derived from quantitative models. Each region may wish to provide its own guidance on this point, but we do not wish to imply that analyses not based on quantitative models are invalid (or that quantitative models per se are necessarily valid). In fact non-quantitative elements such as comprehensive consideration of socio-cultural and political factors must be covered in any sound sector analysis. (While these elements could in theory be included in models, there are formidable political and bureaucratic obstacles to doing so.) In those countries where there is a capability and an interest in working with quantitative models, we think it is useful to encourage experimentation in this direction and can arrange for TDY assistance to governments or missions to discuss how such models might be built and utilized. However, we expect the majority of sector analyses will not include quantitative models.

We wish to avoid creating a false dichotomy between "qualitative" and quantitative analysis. The two methods are, or in any event should be, complementary. Quantitative models should begin from and feed back into qualitative consideration of sectoral goals, problems, and policy and program options. Conversely, in qualitative analyses, there should be quantification where feasible (such as manpower or credit requirements or rates of return). A brief paper discussing non-quantitative sector analysis will be transmitted shortly for your information.

The quantitative work that has been done in the agriculture sector is interesting and promising. The LA Bureau has done a major study in Colombia, relying on input-output analysis and linear programming to

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cover both the agriculture sector and other sectors with which it interacts. Michigan State University has done some innovative work on systems analysis of the agriculture sector using simulation techniques, but they have yet to include relationships with other sectors as an endogenous part of their models. While obtaining reliable data is a problem in model building, the extent to which the model builders have been able to find data where it was previously thought there was little or none available is quite surprising. For example, the MSU simulation model has been applied to Korea, Nigeria, and Venezuela (livestock only). A simulation model developed at Wisconsin has been applied to the Indian State of the Punjab. Initial discussions are now taking place in several other countries. AID/W is preparing a paper on the state of the art in sector analysis which will deal with the relationship between quantitative and qualitative analysis in more detail.

E. Activities of the Technical Assistance Bureau

As you know, the Technical Assistance Bureau of AID/W has for the past three years been working to strengthen the Agency's professional capacity in selected areas in order to provide useful knowledge and quality experts for LDCs. While the specific country environment is, of course, the prime determinant of what missions will wish to identify as priority development problems for Agency attention at the country level, our capacity to respond must also be an important consideration in determining overall Agency priorities.

....we are reviewing the FY 1974 budget submissions to determine what are the highest priority development problems the Agency can meaningfully address. Global sector statements are being drafted which will identify an initial set of priority development problems for the Agency and which, for TAB, will supersede the Key Problem areas. The sector statements will be reviewed by the Administrator's Advisory Council.

(2nd of 2 airgrams)

AID Airgram to Field Missions dated November 18, 1972

SUBJECT: Agency Approaches to Sector Analysis

I. Background to Agency Interest in Sector Analysis

The growth of interest in sector analysis within AID, other development agencies and the LDC's has many causes, but there are perhaps two principal ones. First, there is an awareness among planners that both nationwide macro-economic planning and discrete project planning leave substantial gaps in the planning process. The "sector" or "subsector" is coming to be seen as the vital link between separate development activities and national economic goals. It is within the sector or subsector that the complex interplay of resources, technology, policy and social structure determines the real outcome of development efforts. Careful analysis has helped planners to identify major constraints on development which both the "macro" and the "project" approaches often miss.

Second, the growing recognition that development must have multiple goals—full employment, equitable income distribution, a decent environment, as well as economic growth—has provided an important impetus to sector analysis. Both donor countries and the LDC's are asking, what is the development strategy which best maximizes these goals—what are the tradeoffs and complementarities? Analyzing a sector or subsector can be a useful means of identifying the "right" strategy in these terms.

To date our experience with sector analysis has been experimental and eclectic. Some of the work AID has done in sector analysis has grown out of macro-economic analysis undertaken by certain of the larger AID Missions. Some of it has consisted of short-term sector study teams for purposes of planning or redirecting AID projects within a sector.

At this point, it would appear useful to provide guidance on AID's approach to sector analysis in the future. This is not to say that work in sector analysis is no longer experimental—much of it still is and will remain so. AID/W does not have all the answers on how to employ sector analysis, nor do we assume that sector analysis leads inevitably to the best answers in structuring country programs. But it is possible—and, we feel, necessary—

at this time to provide interim guidance on sector analysis as Missions and Bureaus seek to focus their programs on priority development problems within sectors and subsectors. Defining the ground rules of the relationship of sector analysis to AID programming is especially critical—what type of analysis is appropriate for what purposes? How should sector analysis be carried out and who should do it?

II. What Sector Analysis Tries to Do

A sector can be defined as any section of the economy which has an analytical identity and which is broad enough to contain significant inputs and policy issues.

The Rice/Glaser report defines sector analysis as "a study of the principal factors governing development of the sector for the purpose of identifying manageable, integrated projects and policies with high payoff." This is a good, short working definition since it identifies the common characteristics of all sector analysis—at whatever degree of quantification and methodological sophistication. As a rule, a sector or subsector analysis is carried out according to the following steps:

1. Creating a descriptive model of the sector, employing qualitative and quantitative terms to identify the main functions within the sector—resources, technology, policy, social structure.

2. Demonstrating how these functions interact.

3. Predicting the possible effects of changes in one function on the other functions within the sector.

4. Identifying constraints on development that exist within the sector.

5. Suggesting various interventions within the sector which may affect the overall performance of the sector.

6. Recommending what combinatio[illegible]erventions adds up the best strategy for sectoral development.

7. Pointing out the gaps and shortcomings of the analysis and suggesting priorities for further analytical work. This underscores the need for continuous work to build the empirical basis for better analysis in the future. When institutionalized, sector analysis can be a continuing process serving broadly as the basis for resource allocations and policies within a sector.

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III. The Varieties of Sector Analysis

Of the twelve agricultural sector analyses studied by Rice and Glaser, there appears to be a rough distinction between two varieties of analysis. The first are sector or subsector studies of short duration which may be predominately qualitative or quantitative—but do not employ formal quantitative models and do not use computers. Second are those relatively few studies lasting much longer (normally a year or more) and relying on extensive accumulation of social and economic data, which are then manipulated through a variety of techniques—often using computers—to predict the effects of alternative policies and inputs within the sector being studied. This type of analysis does not avoid qualitative judgments (indeed, no analysis can), and it need not employ the most sophisticated mathematical techniques available. But it does aim at the maximum quantification of key variables consistent with the objectives of the analysis, and to do this it employs extensive, disaggregated data which take considerable time and effort to organize.

Although no definitions are perfect, we are calling the first variety a "sector assessment" and the second variety a "long-term sector analysis." Using these definitions, let us then examine how these two types of analyses can be used to improve the development planning process.

At this point the question of who uses the analysis for what purpose becomes crucial, especially at a time when the Agency is attempting to frame country programs in a more collaborative style.

We anticipate that the short-term sector assessment will be the form most often appropriate to AID involvement. Over time, as LDC interest in sector and subsector planning increases, we anticipate that a significant proportion of AID's loans and grants would be backed up by a sector assessment. In some cases an AID Mission may wish to require that a sector assessment be conducted (either by the host government or by a U.S. team). But we do not feel that sector assessment should become a hard and fast requirement in the programming of all AID resources. A sense of proportion and good judgment is needed, which would balance in every case our desire for a more solid analytical base for aid programs with our equally compelling conviction that aid programs need to be conducted in a more collaborative style.

For example, a request for technical assistance involving several advisors and a relatively small dollar outlay should be based on knowledge of the sector within which that assistance will be placed. Indeed, the PROP (with its evaluation system "matrix") attempts to do just that. However, in this situation it would not make sense to require a sector assessment unless the host country wants that type of help. Nor would it make sense to

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require an assessment of a sector where other aid donors have the major interest and AID has only a minor interest. On the other hand, a request for a large technical assistance input to a sector or subsector where we are a major donor may suggest the reasonableness and utility of a short-term sector assessment.

Most capital projects would benefit by being grounded in a sector assessment. We might convey to a host government our belief that a good assessment would yield a better project. But we do not feel that it would be wise to require such an assessment unless a host government itself were seized with its desirability. Sector loans or grants, however, will require a prior assessment—by definition the assistance is in support of a sector plan. AID needs an analytical basis for judging the effectiveness of the sector plan which foreign assistance is to help finance. Program loans, as explained in previous guidance, need not be forced into a sector mold and should be based on country and World Bank macro-economic analyses—with due critical evaluation by AID.

One final point about sector assessments: in cases where an assessment is indicated, it is not essential that the assessment be planned and carried out by the U.S. On the contrary, it would be most desirable if the host country itself did the analytical work (calling on AID for help as needed). Studies already conducted by other bilateral donors or international organizations may also satisfy the purpose, based on AID judgment as to adequacy and relevance of a given study.

The long-term sector analysis would be most appropriate: a) when the host government requests technical assistance in sector planning and analysis, and b) in certain limited cases where AID judges that a sector assessment cannot provide an adequate basis for the infusion of really major foreign assistance resources into a sector or subsector. Therefore, most longer-term sector analyses will take on the character of discrete technical assistance in economic and social planning. Except for an occasional case falling within the terms of category "b," long-term sector analysis will not be initially and directly related to the programming of AID resources. Of course, over time long-term sector analysis may reveal opportunities for assistance, but these benefits would be secondary (and could not be guaranteed at the outset of U.S. /host country technical collaboration). The main benefit would be improvement in the planning capability of the LDC—resulting from application of the perspectives and rigorous methodologies of long-term sector analysis.

IV. Sector Assessment/Analysis and Agency Programming

The FY 1974 submissions identified for each country program those areas in which host governments and Missions would like to concentrate U.S. aid

inputs. AID/W has reviewed these "DAP outlines," and regional bureaus have provided comments on them. Although these outlines are subject to further refinement and modification (through continuing dialogue among AID/W, Missions, and host governments), it should be possible at this time to anticipate, country-by-country, the Agency's sector assessment/analysis needs for FY's 1973 and 1974. In other words, for each country it should be possible to rough out a "schedule of analytical work" for the next 18 months based on guidance provided in this message and on judgments of Missions and Regional Bureaus.

Sector Assessments

Many sector assessments are already scheduled or under way. Regional Bureaus and TA Bureau will endeavor to assist Missions in finding contractors, PASA's or in-house expertise to help in these assessments. By the end of FY 1974 virtually all of the sector assessments indicated in Missions' and Bureaus' informal "schedules of analytical work" should have been completed. At that point we can say that the AID program rests on a reasonably thorough analysis of those sectors and subsectors in which we are concentrating, that these analyses have been undertaken where it appeared to make programmatic sense, and that the analytical effort was conducted consistent with the Agency's more collaborative assistance style.

In terms of Agency programming, a sector assessment would serve as supporting material for IRR's, PROP's, loan papers— making possible the elimination of sections in the documentation dealing with "background," "setting," "environment." Where assessments have been completed, we would expect less extensive documentation, focusing principally on the outputs and inputs of the proposed project and (for loans) on standard cost-benefit analysis. AID/W is considering a range of changes in documentation and approval procedures which might be feasible and appropriate as the Agency seeks to integrate loans and grants in a sector approach.

Long-term Sector Analysis

Although we feel that long-term sector analysis is a potentially useful tool for the LDC planner, we should avoid the appearance of forcing it on any country. Nor would we wish to bring it too abruptly into the direct process of programming U.S. assistance—the techniques are still experimental (however promising we feel they are), and we need to do a better job of educating ourselves and our LDC planning colleagues about these techniques before passing them off universally and uncritically. However, AID has already built up some solid experience using linear programming techniques and simulation models of sectors in Colombia, Korea, and Nigeria, and the World Bank has done successful work in Mexico and other countries.

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A number of offices in AID are presently engaged in analyses of this kind—principally the Latin America Bureau's Sector Analysis Office and the Agriculture Sector Analysis Office of the TA Bureau. The real need at this point is to make their work known more widely in AID and the LDC's so that these newer and more quantitative techniques can be employed where appropriate.

V. AID/W has established a Coordinating Committee on Sector Emphasis, which will provide periodic guidance on a range of issues relating to areas of concentration, priority development problems and sector analysis. We recognize that this airgram is only the beginning—much more substantive guidance is required. Therefore, in the next six weeks the new Committee will produce an airgram on sector assessment[1/] which will suggest ways of improving the effectiveness of short-term study teams, and two airgrams on long-term sector analysis—one an explanation of techniques and another on the Colombia Agriculture Sector Analysis which has been going on for two years, employs a stimulating approach and has strong host-country support.

TA, in cooperation with the new committee, will also produce a guidance series which will assist in organizing assessments and analyses in specific sectors—education, health, agriculture, etc. The PHA Bureau will do likewise for family planning. This guidance will be formulated with a dual audience in mind—the Mission and the LDC planner.

The committee urges Missions to make AID/W aware of reactions to this and subsequent messages, so that future guidance can be conveyed as helpfully as possible.

1/ Among other things, it will make the point (not properly brought out in this message) that there can be continuities between "assessments" and "long-term analyses"—obviously the former can lead into the latter.