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4-30-75

FROM - WASHINGTON
E. O. 11652: N/A
SUBJECT - Congressional Mandate

REFERENCE - A) AIDTO CIRC A-739, Nov. 6, 1974
B) AIDTO CIRC A-110, Feb. 25, 1975

FOR AID MISSION DIRECTORS FROM DEPUTY ADMINISTRATOR

As you will recall, in November I forwarded for your use and reactions the Draft Analysis of the Congressional Mandate. This paper was the product of a comprehensive review and synthesis of the foreign assistance legislation and associated legislative history. A wide variety of extremely helpful comments on the mandate and the analysis were received from Mission Directors along with a number of specific questions. Mission responses have been of great value as we have proceeded with further steps in assuring that the mandate becomes a permanent part of the Agency's method of operations. The attached papers are an important part of this process.

One of the first tasks assigned to the new Mandate Implementation Task Force established in January 1975 was to develop definitions of important terms and concepts, building upon the draft analysis and further discussions on Capitol Hill and within AID. "The Congressional Mandate: Aiding the Poor Majority" is intended to provide background and policy guidance for the Agency as well as to explain to the Congress AID's interpretation of key aspects of the mandate. Answers to many of the substantive questions raised by your responses to Ref A are included in this text and the several shorter definition papers appended to it. (Appendix C)

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Alexander Shakow	AA/PPC	21594	4/22/75	A/AID, John E. Murphy
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These documents should be widely read and discussed (extra copies are provided for this purpose). Your comments on these papers are welcome at any time, but at this stage we are most anxious that your energies be concentrated on designing and implementing programs that effectively carry out the mandate for it is here that our real response to the Congressional directives must be found.

There are, of course, other steps to be taken to assure full understanding of the complexities of the mandate's challenge and our capacity to convey to the Congress--and ourselves--AID's success in actually carrying out the job. You will be hearing from us soon about new training programs, improved data collection and project documentation systems, as well as additional policy and implementation guidance in specific mandate-related areas. (A recent example is "A Practical Agency Approach to Rural Development" which many of you received through your regional Bureaus.)

We also have a requirement to inform the Congress--and specifically the House International Relations Committee (formerly Foreign Affairs)--on our progress in implementing the mandate. You have received the first brief report (Ref B). The full report due next month will complement the FY 1976 Congressional Presentation and convey in one place a broad Agency position on mandate issues. It will draw upon information contained in your reactions to the Draft Analysis and should provide answers to most of the questions raised by your messages but not covered by the attached papers. Do not hesitate to raise with us any issues you believe have been left uncovered by these several papers and the upcoming report.

Enclosures: (5 copies)

The Congressional Mandate: Aiding the Poor Majority

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11/6/74

B

The Congressional Mandate: Aiding the Poor Majority

Agency for International Development
Washington, D. C.

April 1975
AID/PPC

THE CONGRESSIONAL MANDATE: AIDING THE POOR MAJORITY

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SUMMARY OF
THE CONGRESSIONAL MANDATE: AIDING THE POOR MAJORITY

1. The poor majority is massive by any measure; it totals over 800 million people by our definition, or around three-fourths of the total population of AID-assisted countries. More than 90% of some countries' population is in this group, while in other better off countries the proportion is far lower.

2. As an aid to characterizing the poor majority, we use several rough benchmarks of poverty. Falling short of any one benchmark is enough to place an individual in this vast group. In interpreting these benchmarks the need to consider the spirit of the mandate is stressed as precision will be difficult to achieve for some time.

3. The following benchmarks are described in some detail:
 - a) Per capita income below \$150 per year (1969 prices);
 - b) Daily diet of less than 2,160 to 2,670 calories (depending on the country); and
 - c) Several health indicators: life expectancy at birth of below 55 years, infant mortality over 33 per thousand children aged 0-1, birthrates over 25 per thousand population, or access to broadly defined health services for under 40% of the population.

These indicators are meant to apply to varying proportions of country populations, not to countries as a whole.

4. Development progress for the poor will require time-consuming systemic change. Programs most likely to succeed, and which receive highest

priority emphasis under the Congressional mandate and AID policy, are those involving the active and effective participation of the poor in all facets of the development process. But participation alone is not sufficient: seeds, fertilizer, market roads and other capital inputs; health and training programs and other goods and services; and policies promoting efficient use of all resources are needed if growth is to occur. Limiting population expansion remains critical. Moreover, the benefits of growth must be shared equitably. While the LDCs carry the major responsibility for their own development, AID can provide vital assistance in ways consistent with the spirit of the Congressional mandate that will help improve the well-being of the poor.

5. But moving the poor majority beyond the poverty benchmarks would be an extremely expensive and lengthy process even in optimal policy settings. (Doubling low per capita incomes may require adherence to demanding development regimens for twenty years or more.) As AID's resources -- like those of other donors and of the LDCs -- are limited, it is normally impractical to think of AID-financed programs affecting directly the entire poor majority in any country, much less moving it beyond the benchmarks in the near term. While AID-financed programs must attempt to reach large numbers of poor people, AID's target areas will often be a limited portion of the poor majority in each country depending on its economic and social conditions, its capabilities and desires, and other considerations which determine the programs yielding the most impressive benefits at least cost.

6. AID assistance focuses on:

- concentrating on countries whose development policies we can support and that can utilize our assistance effectively;
- concentrating on key sectors (food and nutrition, population and health, and education) affecting the basic well-being of the poor;
- providing key components of development packages designed to involve and affect broad segments of the poor majority, thus multiplying the impact of our assistance;
- supporting selected pilot programs testing new approaches with potential for affecting many people, thus encouraging the experimentation needed to advance the art of development.

7. Targets for AID-assisted programs and projects should reflect unique local circumstances, but to the greatest degree possible they should be cast in terms of their contribution to the long term -- 5 to 10-year -- goals of improving the status of the poor. Working in cooperation with the LDCs, targets should be defined in terms of "output" indicators -- changes in income, health, etc. -- where possible to assure that we focus on the relative effectiveness of alternative programs and that we are able to evaluate and assess their impact on development objectives. Setting targets for programs in rural development, nutrition, population, health and education is discussed particularly in relation to the ultimate objective of raising the living standards of the poor through their increased participation in the development process.

8. Several additional useful definitions are included as Appendix C.

THE CONGRESSIONAL MANDATE: AIDING THE POOR MAJORITY

I. The Congressional Mandate

Poverty in developing nations is severe, and we shall not soon see it eradicated. Nevertheless, the combination of developing country adherence to sound development programs, expanded efforts to contain population growth, and constructive assistance from the developed world can pay off in improved living standards for the poor. While the developing countries must carry the major responsibility for their own development, aid donors can provide critical marginal resources in support of LDC efforts. Past development efforts have produced many encouraging results, although it is also clear that the outcome has not always involved major improvements for the mass of people at the base of developing economies.

AID has a mandate from the Congress to help the poor majority in developing countries raise their living standards beyond subsistence levels. AID programs are to be concentrated on the major problem areas of food and nutrition, population and health, and education and should be marked by their involvement of the poor in the development process.

II. Who are the Poor Majority?

The first step in designing programs involving and benefitting the poor is to determine who the poor majority are. Few officials in developed or developing countries have spent much time on that question, perhaps feeling that you know the poor when you see them and that attention could more usefully go to designing and implementing programs for people who are obviously poor by any reasonable standard. We are sympathetic to

this view, but the need to be sure of our focus at a time when AID appropriations are particularly tight requires that we always have in mind what we want most to accomplish and for whom. A closer look at the characteristics of the poor may suggest ways of improving the effectiveness of AID programs.

The poor are, of course, those living below some minimum standard. To make that standard operational, the poor majority is characterized in terms of rough benchmarks of per capita income, health, and nutrition status: any person who plainly falls short of minimum levels for any of these indicators is within the poor majority and may therefore be a potential beneficiary of AID programs. (We have looked for benchmarks that are practical -- that is, measurable with as much accuracy as possible in LDCs where data remain scarce and often unreliable.)

But should these benchmarks be uniform -- the same absolute levels -- for all countries? Or should AID define the poor majority in relative terms (e.g. those in the lower half of the economic scale in each LDC)? The choice between absolute and relative standards is never easy when the relatively well-off are poor by our own standards. While serious problems of oversimplification inevitably arise, we use broadly uniform benchmarks generally comparable throughout AID assisted LDCs so poverty can be assessed without regard to political boundaries. These benchmarks are not intended to define any sharp breakpoint between poverty and prosperity, between the "have-nots" and the "haves"; rather, they try to identify people who are indisputably poor and clearly among the world's have-nots. The resulting poor majority is indeed a majority of the population of AID-assisted countries taken as a whole but the fraction

of a given country's population included in this category will vary. A relative definition -- e.g., defining the poor to include the bottom half of the income distribution in each country -- was rejected because so many in the upper half of countries like Bangladesh or Zaire would be excluded although they are in fact poorer than many in the lower half of countries like Colombia.

In considering inter-country AID allocations, such a uniform poverty standard should prove useful, although final decisions will naturally reflect foreign policy concerns as well as an LDC's resources and general absorptive capacity; in any case, every effort should be made to assure AID funds benefit that fraction of the recipient country's population that is poor by AID's benchmark standards.

III. Poverty Benchmarks

A. Income

The usual shorthand for minimum living standards is the per capita income needed to obtain essential goods and services. We begin here too.* We have defined the poor majority to include anyone in AID's recipient countries whose income falls below \$150 in 1969 prices -- over 800 million people, or around three-fourths of the total population for these countries. (See Appendix A.)

* The World Bank has defined the poor to include anyone whose per capita income falls below \$50 in 1969 prices -- roughly 650 million people, or about a third of the total LDC population excluding China. We consider this definition too restrictive because it excludes vast numbers of poor people who should be eligible for U.S. assistance.

Taken alone, income benchmarks have serious problems. They are inevitably arbitrary. Inflation and artificial exchange rates can invalidate inter-country comparability. Actual income can be difficult to measure. National averages for per capita income are inappropriate, of course, since they would place whole countries in or out of the poor majority. We need more micro-level data, ideally for individuals, that permit isolating persons in a given country with incomes below \$150. But such data are scarce in LDCs and expensive to collect, particularly for the poor whose "income" may consist largely of subsistence output produced and consumed outside the market economy. We may have to rely on existing regional income surveys or other surveys on a sub-national scale; in some cases, "educated guesses" will have to do.

Artificially high prices or the scarcity or virtual absence of some basic goods or services may leave an individual unable to translate modest income into a decent living standard. Using income averages for any large group of persons can mask uneven distribution of what goods and services are available, often to the harm of women, children, or some other disadvantaged group in whom AID has a particular interest.

Thus, while helpful, income benchmarks are meant to be used in spirit to identify the poor where greater precision is impractical. To take account of income benchmark problems, we also include in the poor majority anyone who lacks minimum acceptable nutrition or health status defined in rough terms.*

* When health or nutrition benchmarks can be defined in terms of an individual's physical parameters, they avoid some of the problems of averaging income over groups and of price or exchange rate changes or artificial levels.

B. Nutrition

Extreme hunger's effects are all too apparent, but the dividing line between an adequate and inadequate diet is difficult to fix. A number of definitions of an "adequate" diet is possible, ranging from one that merely avoids famine to one meeting recommended levels of all nutrients. It could be argued that anyone whose diet fails to provide all recommended nutrients should qualify for the poor majority, but that standard would be excessively fine-tuned and impractical.

Ignoring other nutrients for the moment, two reasonable interpretations of "adequacy" could be based on the calories needed to meet:

- a) "maintenance requirements" defined by FAO as the energy needed to ensure constant body energy in a non-fasting subject for a minimum level of activity needed for dressing, washing, eating, etc. -- but not for demanding physical labor. Maintenance requirements average about 1,900-2,000 calories in major LDC regions.
- b) "average requirements" permitting a standard level of "moderate activity" for adults aged 20-39 and "normal growth" for children. Average requirements range, according to the FAO, from about 2,200 to 2,500 calories in major LDC regions and from 2,100 (Indonesia) to 2,670 (Uruguay) in AID-assisted countries. (See Appendix B for the list.)

These averages mask wide variation in actual requirements.

Adequate diet requirements vary with age, sex, size, health status, occupation, and climate. Pregnant and lactating women generally require 300-500 additional calories daily. Sick persons, particularly children, require additional calories especially when their illnesses

inhibit absorption of what nutrients they do receive. Those engaged in active labor need hundreds of calories more as do those living in cold climates. Thus our estimates of average requirements are rough, and may vary by as much as 25%.

Bearing in mind that LDC populations can improve their own living standards only if they can work effectively, the poor majority is defined to include anyone who fails to receive the "average requirements " for each AID-assisted country. The reason for adopting country-specific criteria rather than a single world-wide figure is that in this case the FAO has adjusted requirements for the unique conditions of each country. As with income, existing surveys of varying comprehensiveness and quality along with experienced judgments may have to form the basis for estimates of actual caloric intake where more precise estimates are impractical.

Calorie requirements ignore vitamins, minerals, and especially the protein required for all physical and mental processes. It is often assumed that diets providing adequate calories will also assure adequate quantities of other nutrients. That hopeful assumption too often proves inaccurate. Higher protein counts do tend to be associated with higher calorie counts, but exceptions are frequent; some staples, like yams and cassava, provide little protein. Worse, when calories are short, more protein is consumed for energy, leaving even less for its unique tasks. Moreover, protein quality varies: the several amino acids from which proteins are built must be supplied in certain proportions if all are to be utilized fully. When one or more is short, as is frequently the case, the protein is of lower quality. (In

such circumstances programs to develop food high in the scarce component are effective.)

Other nutrients are not just desirable, but essential, for reasonably good nutrition. Iron deficiency anemia debilitates millions. Vitamin A deficiency blinds hundreds of thousands. A more comprehensive nutrition measure would include requirements for protein, vitamins and minerals. As better data become available, we will expand our nutrition benchmark to include other requirements.

C. Health

"Good health" status is even more difficult to define than good nutrition.* Physicians suggest a person enjoys good health when he can successfully adapt to his physical, social, and psychological environment, but how can that be assessed easily? Many people in today's LDC's suffer frequent hunger, debilitating disease, attacks of acute illness, or other health problems; by Western standards, they plainly suffer poor health. But where on the spectrum of good-to-poor health should one draw the line to fix an acceptable minimum? Can one define minimum acceptable health in terms of practical benchmarks uniform and comparable among countries?

Various health indicators that might be checked fairly easily on individuals in developed countries, such as weight and vital signs, obviously cannot be obtained for the poor majority:

* In a sense, good nutrition is a means to good health.

scattered throughout LDC's. There is no practical litmus test for good health for the individual, much less for minimum acceptable health. We take a less direct approach, therefore, by including in the poor majority any person living among a group, varying in size, where life expectancy at birth, infant mortality, fertility, and, more indirectly, broadly defined health services fail to meet minimum standards. Again, it bears emphasizing that our health parameters should be defined not in terms of national averages but in terms of averages for sub-national groups.

1. Life Expectancy: 55 Years at Birth

Average national life expectancy at birth varies today from 38 to 75 years, with a midpoint (median) of 54. (It often exceeds 70 in the developed countries and falls short of 45 in the poorest nations.) Anyone in that portion of a population within a country where life expectancy at birth falls below 55 years is included in the poor majority. (Available data may be limited to averages for regions or provinces of a country and may have to be supplemented by experienced judgments.)

2. Infant Mortality: 33 per Thousand Infants Aged 0-1

Average national infant mortality varies between 11 and 216 deaths per thousand infants aged 0-1 years, with a mid-point of about 113. The characteristic rate above which most of the world's poor fall is about 33; that rate is taken as another health benchmark, and we include in the poor majority anyone in that portion of the population where infant mortality exceeds 33.

3. Birth Rate: 25 per Thousand Population

The health of mothers and children is closely related to the number and spacing of pregnancies under primitive conditions. Eight children may not be a health problem to a mother in an affluent society, but to a mother in a developing country facing home delivery and an absence of pre-natal or post-natal care, to say nothing of food or other shortages, repeated pregnancies represent a clear health threat. They also threaten her children, both by impairing her capacity to care for them and by increasing the difficulty of lactation. There are better demographic measures of average numbers of pregnancies when data are available, but the most convenient measure given data scarcity is the birth rate, which ranges from 10 to over 50 throughout the world. The characteristic rate above which most of the poor fall is roughly 25 per thousand population; we take that rate as another health benchmark, and include in the poor majority anyone living in that portion of the population where the birth rate exceeds 25. (It bears emphasizing that persons living in areas with lower birth rates may also qualify for U.S. population assistance, which generally eases the task of improving per capita living standards of the poor.)

4. Health Services: Access for Under 60% of Population

The absence of better health status data argues for using such indirect measures as we can devise. Health services -- broadly defined to include public and private curative and preventive

medical services, family planning, and nutrition -- all incorporating appropriate scientific approaches -- can clearly improve health, though provision of clean water, environmental sanitation, and other measures may contribute as much to health in some circumstances (see below). The absence of such health services permits the inference that health is probably not acceptable. Among the poor majority, perhaps 85 percent, on the whole, lack convenient and regular access to minimal maternal and child health services, rudimentary preventive or curative services, family planning, or adequate nutrition services. As a conservative approach, the poor majority includes anyone living in an area where under 60 percent of the population have such access, on grounds that those people are highly unlikely to enjoy minimum acceptable health. Again, to determine actual health parameters, we may have to rely on imperfect existing data instead of new surveys when the latter seem too costly to be practical.

IV. Determining AID's Target Population

A. What do We Seek to Achieve?

Given this immense group of poor from which to choose, how should AID's target group be determined? AID resources are to be deployed in support of LDC development plans and programs to help the majority who are poor, not to stimulate GNP indiscriminately without considering who will benefit. The Congressional mandate and AID policy rest on the conviction that it is possible to achieve significant improvement in the living standards of the poor majority through programs with low per capita costs.

But how much can we aim to help accomplish for the individual?

- Should our target be mere maintenance of human life, however precarious, just beyond bare survival? Given the problems of feeding today's population and the prospect of inevitable and substantial population growth, meeting even this limited target demands tremendous effort and expense.
- Should the target be a decent living standard -- perhaps connoting a reasonable amount of protein or rudimentary education, for example -- which may be necessary to avoid severe and prolonged physical or mental impairment? This level may be attainable only with strict adherence to demanding policy regimens and the application of resources which, while modest in per capita terms, still add to large totals over the next few decades.
- Should the target be even more ambitious, perhaps a comfortable living standard more akin to our own, which might recognize a common right to aspire among all people? This would be attainable, if at all, only through massive economic and social transformation and vast expenditure of scarce funds.

Determining the suitable goal must, of course, be the responsibility of the developing countries; nevertheless AID must set targets as well as if we are to assess our own performance.

The benchmarks used to define the poor majority suggest themselves as targets. Could not AID, in cooperation with the LDCs, aim to help move the poor majority beyond these milestones in the next decade or so? Unfortunately, the human and capital resources

currently available in LDCs, including those supplied by aid donors, will not do the job, barring extraordinary technical advances, even given ideal policies and more equitable distribution of goods and services to the poor. How much would be needed to accomplish this? We cannot say with precision, although the price tag for each year would most likely be a multiple of the LDCs' present gross national product and the aid donors' share well beyond the realm of possibility. To suggest how large the job is, with five percent annual growth in real GNP and two percent annual growth in population, per capita income would double only after twenty-five years -- assuming steady application of needed resources -- and perhaps still fall short of \$150.

Under these circumstances, how can AID's efforts - or even all foreign aid combined - make a difference to the poor majority? AID provides only a fraction - albeit occasionally a large share - of the foreign resources any LDC uses, and it is the LDC's own resources -- and its own development policies -- that are the primary determinants of development progress for its own people. Whenever possible, therefore, AID support must be part of a development approach conducive to the broad-based systemic change needed to affect the lives of the poor. Barriers to development in the economy, society, and politics of the LDC must be identified and a package of coordinated policies established to remove or weaken those impediments. (AID's sector analysis work is a major step in helping LDCs move in this direction.) Not all governments have fully committed themselves to this task, but AID's assistance should support programs that contribute toward expansion of such a broad-based view.

For LDCs with vast and ever-growing populations, the most promising development programs are those making a virtue of necessity by relying on broadly labor-intensive approaches.* It is not sufficient, however, that the poor simply have opportunity for employment. They should also participate as much as possible in the development process to help insure program effectiveness and equitable distribution of resulting benefits. AID should focus on programs emphasizing a participation strategy that includes the following broad objectives:

- a) development programs should benefit the poor primarily -- with the objective of at least narrowing the relative income gap between rich and poor;
- b) decisions about development programs should be made in cooperation with the poor to the fullest extent possible;
- c) development programs require substantial input from the poor who stand to benefit;
- d) implementing development programs becomes a learning experience for participants, yielding lasting improvements in their skills;
- e) participants can improve program performance by feeding back information to program administrators directly or indirectly;
- f) participation of and benefits for women are addressed explicitly and with a view to improving their condition.

* While this labor will sometimes be provided in the form of paid employment on farms, in public works, or in commercial or industrial establishments, in most LDCs much of the labor of the poor will be provided in the form of self-employment on small farms or in other enterprises.

The participation emphasis of the mandate reflects the Congressional view that AID expenditures should represent not consumer handouts with temporary though beneficial impact but investment in people that pays off in increased capacity to produce, the sine qua non of the developing countries' own efforts to sustain improvements in living standards.

But AID recognizes that while it is extremely important, popular participation alone will not move the poor majority above the poverty line. Other inputs ranging from seeds and fertilizer to dams, farm-to-market roads, and other essential infrastructure must be available to complement labor while health, nutrition, and training programs are needed to strengthen labor's effectiveness. Moreover, policies insuring access for the poor to these labor-augmenting inputs and promoting their most efficient use are essential if productive capacity is to be increased. Curtailing population growth is also extremely important in this process if scarce resources are to be used well.

No single type of change -- whether in policies or in input supplies -- is likely to be as effective a stimulant to development as integrated changes in both; whole systems will need to be modified if the poor are to prosper in the near future. In close concert with other donors, AID can support LDC development efforts in this direction by providing scarce resources, strengthening institutions, and generally encouraging policies likely to complement the contribution of the poor and insure that they reap the fruits of their own labor. For AID to make the maximum contribution to

development in widely varying LDC cultural settings, however, will require increased attention to and understanding of local conditions and circumstances.

B. Focusing AID Assistance

AID assistance can be made more effective by further focusing it as the mandate suggests. We can concentrate on countries committed to development approaches we can support and able to use our funds effectively.

Congress has also directed us to concentrate assistance on several sectors -- rural production (and nutrition), population and health, and education and human resources development. Funding priorities in FY 1974 and FY 1975 reflect the major concentration of AID in these three categories. Having limited our sectors of emphasis to three, however, does not suggest that we will achieve in the near term much measurable impact on a national or international scale. While we are attempting to strengthen the impact of AID assistance beyond the project level, to hold our programs strictly to that objective would have a chilling effect on the experimentation we believe essential to improving program effectiveness.

We may also limit our role to providing components -- advisors, commodities, financing, etc. -- of extensive sectoral programs designed to affect large numbers of poor people, thus achieving a multiplier effect for our aid strongly consistent with the intent of the Congressional Mandate.

In some cases, it will be particularly unrealistic for us to aim at having significant effect on most or all of the poor majority in a given country; problems may be too intractable, or the minimum resources required to have such extensive impact may be too large even when policies permitting their efficient use are in place. In such cases, we may have a comparative advantage in research and pilot programs of limited scale, developing new approaches with a low per capita cost that LDCs can afford to replicate on a wider basis. The demonstration effect of such projects can be powerful and should be utilized.

Research -- and evaluation of all programs -- is sorely needed to advance the still-primitive art of development; we know too little about how development occurs in different economic and cultural settings, and AID can help fill the gap, often by financing LDC researchers. For example, the Percy Amendment directs the Agency to work to improve the status of women. Considerable investigation is needed into what affects the status of women and what public programs may most effectively and appropriately improve it.

In limiting our assistance we necessarily restrict the number of people we seek to help in any direct sense; it is generally not practical to try to affect everyone in the poor majority who may be eligible for our aid.

Why should the poor majority include more people than we can help? The poor majority is not monolithic; it is constructed of persons whose political, economic and cultural conditions vary. In some countries, programs to benefit primarily only the poorest of the poor, say landless rural laborers, may be most effective.

In others, programs aiming primarily at persons only slightly less poor, say farmers with only four or five acres, may be more promising. Realistically, the poorest in some areas may be beyond our capacity to help significantly because that would require a transformation of their way of life, which is simply infeasible at present, while others in the poor majority may be better able to use the marginal resources we can offer.

Determining the primary beneficiaries of AID-assisted programs is difficult given the usual problems of pinpointing direct and indirect impact. While these problems are real and unavoidable, it is possible to identify primary beneficiaries consistent with the spirit of the mandate. Our programs should not, of course, needlessly limit who benefits, but it is important to emphasize that major beneficiaries of an AID-assisted program or project should not be a country's prosperous elite (major merchants, bankers, industrialists or farmers) even if they should happen to qualify because of some health or diet idiosyncrasy under some benchmark as this would contradict Agency policy and the spirit of the Congressional mandate.

In sum, the Agency must focus its attention on the broad poor majority, but preserve the flexibility needed to program effectively within that group in each individual case.

V. Setting AID Targets

A. General Comments

For each AID program or project, specific targets should be set reflecting unique country circumstances, policies,

and resources that affect pay-off prospects; these targets should naturally be set in cooperation with the LDCs concerned. Wherever possible these targets should be expressed in per capita terms to permit measuring progress toward the uniform poverty benchmarks resulting from joint LDC-AID efforts designed to benefit the poor.

Our ultimate targets include improvements in individual income, health, and nutrition -- these are the final outputs from program inputs. It is hard, of course, to predict the impact on health, for example, of a given program because other things inevitably influence health; moreover, improving health may require synergistic combinations of programs (whose combined effectiveness exceeds the sum of each program's individual effect). And to further complicate the picture, a given program may affect income or nutrition as well as health. In setting targets it is therefore tempting to concentrate on program inputs, such as inoculations given, which provide useful operational and cost information. But expressing targets solely in terms of input terms leaves no way to judge the relative effectiveness of different inputs in achieving the same output. Relative effectiveness may vary enormously, and must be a prime consideration in program planning. However difficult, strong emphasis should be placed on relating program inputs to outputs. On occasion, focusing on inputs may be the best we can do in the short run, but care should be taken to explain as fully as possible the link with outputs -- i.e. changes in the poor majority's quality of life.

In setting income targets, for example, the Agency should bear in mind the Congressional directive to benefit many among the poor, possibly only modestly. A group of primary beneficiaries should be identified, and consideration should also go to how others may benefit indirectly, thus multiplying program effectiveness. Rural production programs are promising means of increasing incomes (which includes output produced and consumed outside the market). But programs in nutrition, health, population and education will also affect income by increasing the capacity for work. Any programs effectively stimulating income are likely to involve the systemic change that lies at the heart of the development process.

What follows is a brief discussion of new emphases and directions in furtherance of the mandate that AID programs may take in the fields of rural production, nutrition, health, population and education, and how their specific targets may be established. (More detailed guidance for each sector is in preparation and these pages should not be viewed as a substitute for them.)

B. Rural Production*

Some projects to promote rural production have been successful, but the pay-off of future projects can be increased substantially. For example, stimulating agricultural production through the "Green Revolution" -- encouraging use of new seeds

* Section 103 of the FAA -- entitled Food and Nutrition -- is broadly interpreted in legislative history to consist of activities in support of rural production rather than simply agriculture, with the emphasis on the linkages between agriculture, industry and marketing.

and requisite inputs like fertilizer -- has resulted in some areas in greater supplies of foods for home consumption and for the market, generally at lower prices especially welcome to the poor whose income goes first to purchase food. But the poorest of the poor sometimes remain unable to afford food. Geographic imbalances in food availabilities sometimes persist. Tenant laborers are sometimes expelled from land whose value in rising, especially if capital/^{equipment} is priced artificially low relative to labor. And even when the food reaches the poor, their chronic diseases may inhibit its efficient use.

We must preserve what works in these programs while finding ways to remove the obstacles they faced or ameliorate the problems they caused. The Green Revolution is extremely important, but it cannot change the rural system alone.

What is needed is a package of rural development programs involving agriculture, services and industries, infrastructure and institutions designed to improve home consumption, money income, nutrition and the health of the poor both directly and indirectly, by providing greater access to better technology, improved inputs, credit, transportation and other goods or services, the scarcity of which now constrains rural development. Thus, they may encourage enthusiasm and self-confidence, a sense that people can improve their own living conditions by participating in development activities that make sense to them. For example, agricultural programs may provide access to key goods or services which will stimulate food output for home consumption, thus directly improving nutrition; they may also stimulate output of marketable goods, both food and non-food, resulting in improved incomes and more

indirectly in improved nutrition and health. Which goods or services are most needed will depend on what "outputs" in terms of income or health or whatever are considered to have priority, how these may best be achieved considering alternative programs or policies, and what goods or services are already available.

In rural production, AID may often find itself able to contribute a critical if only marginal component of a development package financed largely by the LDC and other donors, or we may find the pilot projects most appropriate. In selecting primary beneficiaries from the poor majority for our projects, care should be taken to provide whatever secondary benefits are possible for others among the poor majority. And some thought should go to the question of whether any among the poor majority might be hurt by a given program.

With these general guidelines, rural programs can be designed to affect large numbers of the poor. Specific targets, however, must be set for specific projects considering starting conditions, host government resources and policies, and prospects for payoff. In some cases, it may be necessary to restrict targets to certain short term achievements (like acreage under new seeds or inoculations provided) rather than final outputs like improved income. However, the program should be designed with a view toward AID's overarching goals of moving the poor beyond the poverty level and links with those goals should be explained.

C. Nutrition

Realistic nutrition targets -- major components of diets or other rough indicators of nutritional status -- may be set only after determining current nutritional status. It will be recalled that FAO's average requirements of daily calories per person for each LDC are used as benchmarks for helping define the poor majority. But within a given country, diet requirements will vary from group to group. Moreover, actual nutritional content of food available to different groups will vary depending on local production, technology, marketing, and cultural patterns of distribution. Even within a family, food may be distributed more by custom than according to need, with mothers and children suffering shortfalls that also threaten future generations. Thus, targets for AID-assisted nutrition or nutrition-related projects should be tailored to the specific circumstances of each project.

Improved nutrition may result from programs involving direct child-feeding, food-fortification, education on better nutrition practices like longer lactation or improved weaning foods, or other measures in the nutrition field proper; agricultural or rural development programs that increase and diversify the supply of food available or which stimulate agricultural production so rural incomes rise enough to permit additional food purchases; health and sanitation programs that improve the efficiency of food utilization (e.g. reducing gastro-enteric parasites and mitigating other diseases); and education programs that touch directly or indirectly on nutrition.

Programs in the nutrition field proper have produced mixed results; feeding programs are sometimes promising, but may not reach all the needy, or they may provide too little additional food to make a difference, or they may stimulate counter-balancing changes in distribution of other food. Experience suggests that involving the poor more actively in nutrition projects may promote greater understanding of nutrition needs and available foods that can pay off. As in other fields, programs with limited budgets can accomplish far more when designed to meet the basic needs of the poor, making use of what they themselves can contribute. The mandate encourage more such programs.

D. Health

Some efforts to improve health in the LDCs have succeeded dramatically, particularly efforts to eradicate endemic diseases or improve personal hygiene and sanitation. But funds have also gone to curative services, which have not generally resulted in as broad health changes as other measures might have. Too often developing countries have aimed to establish sophisticated health services even if they served only a few people. Thus, most of the poor are still beyond access to any but traditional health services and without the clean water or rudimentary sanitation essential to reasonable health. For them, life expectancy remains low; morbidity and mortality, particularly among the young, remains very high.

Increased attention is now going to means of modifying the whole system of policies and conditions that may account for the most common threats to health among the poor. An effective package that an LDC could finance with current resources is possible if reliance is placed on inexpensive ways (such as upgrading traditional practitioners) of encouraging the poor to modify their practices now conducive to ill health. Thus the active participation of potential beneficiaries also emerges as the key-stone of new approaches to improving health.

Improving health requires coordinating private and public programs, including those AID assists, in sanitation and water, nutrition, family planning, personal hygiene, health services proper, and economic and social measures too. Bearing in mind that AID-assisted health programs should be designed to affect many people, if only modestly, at a low per capita cost, our targets for per capita improvement must be limited. In ten years, assuming current levels of donor and LDC resources continue to be available and assuming LDC policies are sufficiently tough-minded and imaginative, it may be possible to move limited portions of the poor majority beyond these benchmarks or to move particularly disadvantaged but large groups a little closer to the benchmarks. In five years, with the same assumption about resource limitations, it will be difficult to do more than establish some of the necessary pre-conditions.

Exceptions will occur, of course, particularly in more advanced countries or in pilot areas where programs can often be organized more quickly to achieve health improvements sooner. But broader results will take time. Our short-run goal may be simply to help establish a service network and other measures needed to improve health; our short-run targets may be couched in terms of program inputs and operation rather than health improvements which are our ultimate target. A medium run goal may be to change some health practices, such as encouraging longer lactation; intermediate targets in terms of such health practice changes may also be appropriate. But health measures will themselves be designed to meet the ultimate target of health improvements as soon as possible and their success in doing so must be carefully monitored.

E. Population

Increasing the size of the pie by providing more food and health services is essential to improving per capita living standards; substantial progress will only be possible if population growth abates. Thus, reasonable access to safe and effective family planning services and information is essential and is a primary purpose of AID population program funding.

But people may be content with fewer children only if changes in economic structure remove the advantages many parents now see in large families and as changes in society open new options for women. In this context, modest improvements in individual nutrition, health, education and so forth may be required if substantial improvements in living standards are to become

realistically feasible. Population assistance should also fund programs needed to explore how currently operating policy measures and socio-economic conditions influence attitudes on family size, and what policies might work in conjunction with family planning services and information to encourage smaller families.

In many cases, AID may be able to plan its programs with a view to a particular birth rate or fertility target set by the recipient LDC; in other cases, the target may simply be the implicit one of reducing birth rates or fertility as much as possible. In either case, focusing on the need for reducing fertility may help stimulate questions as to optimal combinations of services, motivational campaigns, and other policies that stimulate participation in family planning -- questions less likely to arise if the target is the more limited one of providing services alone. While it may be both necessary and desirable to set shorter-run targets in terms of services supplied, bearing in mind the overall target of reducing fertility can stimulate more efficient and imaginative programming. Specific targets, whether in demographic or program terms, can only be set for specific projects depending on operating conditions.

F. Education

In a world of plenty, "education" may connote literacy and wide learning, truth for its own sake as well as a means to progress. In a world of want education must unfortunately of necessity be something far more restrictive and practical -- as means to improving living standards rather than an end in itself. AID

defines "minimum practical education" to be that body of knowledge, attitudes, and skills necessary to effectively contribute to and participate in a developing society and economy. Education should help equip LDC citizens cope with their most pressing problems -- hunger, ill health, and a lack of more productive employment.

Minimum practical education varies with the situations people face. What is essential to effective participation differs dramatically among and within countries. In education, therefore, AID must take the poor majority as defined through some benchmark outside education -- such as income or health. Then, working with some or all of that majority, we can seek to identify education targets expressed as their learning needs, and select and try out the most promising alternative means for meeting those needs, including both formal and informal programs, in a process entailing the active participation of the poor from start to finish.

It bears emphasizing that literacy rates or enrollment ratios may not be an appropriate target. For some countries, literacy may be one, though not the only, learning need. Where resources are very short, where lifestyles severely limit access to formal education, or under other circumstances, programs to increase literacy may or may not be the most effective means of enabling more people to contribute to and participate in development. Even the UN's worldwide target of "universal primary education" may be an inappropriate target, at least in some countries' present circumstances. Meeting the learning needs of

the poor majority with severely limited resources requires considering new as well as traditional approaches, particularly those that engage the poor themselves at all stages of the process.

VI. Conclusion

We close on the note with which we began: the problems of the poor majority are immense, but AID can and must be of help. It is AID policy, with the support of the Congressional mandate, to pursue as an underlying theme the approaches described in simplified form in this paper. The true test of our success will, of course, lie in the quality of the projects and programs carried out in developing countries.

It is on that task that we must continue to expend our greatest energies.

APPENDIX A

"Poor Majority" in A.I.D.-Assisted Countries, According to Proportion of Population Receiving Less than \$150 per capita per year (1969 prices) Listed by A.I.D. Region and by Contribution to "Poor Majority" Population of the Region.*

	Total Population (millions)	% of Population Receiving ≤ \$150 per capita	"Poor Majority" Population (millions)
Near East and South Asia			
India (64-5)	537.0	91%	488.7
Pakistan (Incl. Bangladesh) (66-7)	111.8	72	80.5
Egypt (64-5)	33.3	50	16.6
Turkey (68)	35.2	45	15.9
Sri Lanka (63)	12.5	63	8.5
Tunisia (70)	4.2	52	2.5
Regional Sub-Total	734.7	83%	612.7
East Asia			
Thailand (62)	34.7	65%	22.6
Korea, S. (70)	32.0	45	14.4
Philippines (71)	37.1	32	11.9
Vietnam, S. (64)	17.9	44	7.9
Regional Sub-Total	121.7	47%	56.8
Africa			
Sudan (63)	15.0	81%	12.3
Tanzania (67)	13.0	91	12.0
Kenya (68-9)	10.8	86	9.3
Madagascar (60)	6.5	82	5.7
Malawi (69)	5.0	96	4.3
Chad (58)	4.0	96	3.1
Senegal (60)	3.8	80	2.6
Dahomey (59)	2.5	.	2.3
Ivory Coast (70)	4.2	45	1.9
Sierra Leone (68-9)	1.0	70	1.8
Zambia (59)	1.0	20	.8
Botswana (71-2)	.9	80	.5
Mali (68)	.5	32	.1
Regional Sub-Total	71.7	74	56.7
Latin America			
Brazil (70)	97.6	45%	42.1
Colombia (70)	21.1	42	8.9
Peru (70-1)	13.6	35	4.8
Ecuador (70)	6.1	70	4.3
Dominican Republic (69)	4.3	38	1.6
Chile (68)	9.8	16	1.6
El Salvador (69)	3.5	43	1.5
Honduras (67-8)	2.6	58	1.5
Guatemala (66)	5.2	22	1.1
Uruguay (67)	2.9	23	.7
Jamaica (58)	2.0	27	.5
Costa Rica (71)	1.7	14	.2
Panama (69)	1.5	16	.2
Guyana (55-6)	.8	28	.2
Regional Sub-Total	168.7	41%	69.2
ALL REGIONS (37 countries)	1096.8	72.5%	795.4

* Countries included are the 37 A.I.D.-assisted countries for which income distribution data are reported in Shail Jain, Size Distribution of Income: Compilation of Data, IBRD, Bank Staff Working Paper No. 170, November, 1974. Twenty-seven A.I.D.-assisted countries are not included for lack of income distribution data. These are: Afghanistan, Bolivia, Burundi, Cameroon, Central African Republic, Ethiopia, Gambia, Ghana, Guinea, Haiti, Indonesia, Khmer Republic, Laos, Lesotho, Liberia, Mali, Morocco, Nepal, Nicaragua, Niger, Paraguay, Rwanda, Swaziland, Togo, Upper Volta, Yemen Arab Republic and Zaire. But the total 1970 population of these countries was only 242 million, compared to 1097 million for the countries included in the table.

The method and sources for the tables are as follows. Population and GDP data are for 1970 (converted to 1969 prices in all cases), except for Pakistan, Sierra Leone, Tanzania, Thailand, India, Senegal, Sudan, South Vietnam, Egypt and Zambia, where the data refer to 1969, and Botswana (1968), Chad (1967) and Dahomey (1967). Dates for the income distribution data are shown in parentheses next to the country in the table.

Income distribution data in the IBRD source cited above were presented in the form of income shares according to 20 equal subgroups of the population. To calculate the percent of the population receiving an annual per capita GDP below \$150 the income share of a subgroup was multiplied by the total GDP figure for that country. This product was then divided by the number of individuals in that subgroup or the total population divided by 20. GDP and population refer to the most recent year for which data are available. Using \$150 as a guide, the closest 5% interval was located and assuming equal distribution within this interval, the approximate percentage determined. The order in which countries are presented within regions was determined by the magnitude of the poor majority of the population, column 3.

The source for the population and GDP figures were the UN Statistical Yearbook 69, and the UN Yearbook of National Accounts Statistics 1971, V. III respectively. GNP deflator indexes found in Gross National Product, AID, FM/SRD, May 1974, were used to convert all GDP figures to 1969 prices (Exceptions: Botswana, Jamaica, Sri Lanka, Chad, Dahomey, and Guyana. GNP deflators were taken from an appropriate regional table of Africa or Latin America in the UN Statistical Yearbook, 1973.)

APPENDIX B

AVERAGE PER CAPITA DAILY ENERGY REQUIREMENTS

<u>Country</u>	<u>Calories</u>	<u>Country</u>	<u>Calories</u>
Uruguay	2,670	Dahomey	2,310
Turkey	2,520	Liberia	2,310
Egypt	2,500	Panama	2,310
Cyprus	2,480	Paraguay	2,310
Syrian Arab Rep.	2,480	Sierra Leone	2,310
Chile	2,450	Tanzania	2,310
Afghanistan	2,440	Togo	2,310
Trinidad & Tobago	2,430	Bangladesh	2,300
Yemen Arab Rep.	2,430	El Salvador	2,300
Morocco	2,420	Ghana	2,300
Bolivia	2,410	Guinea	2,300
Tunisia	2,400	Ecuador	2,290
Brazil	2,390	Guyana	2,280
Upper Volta	2,380	Honduras	2,280
Chad	2,370	Madagascar	2,280
Mauritius	2,370	Dominican Rep.	2,260
Nigeria	2,370	Philippines	2,260
Senegal	2,370	Central African	2,250
Angola	2,360	Rep.	
Korea, Rep.	2,360	Costa Rica	2,250
Botswana	2,350	Haiti	2,250
Peru	2,350	Jamaica	2,250
Sudan	2,350	Nicaragua	2,250
Gabon	2,340	Khmer Rep.	2,230
Mali	2,340	Thailand	2,230
Niger	2,340	Laos	2,220
Rwanda	2,340	Sri Lanka	2,220
Ethiopia	2,330	Zaire	2,220
Malawi	2,330	India	2,210
Mozambique	2,330	Guatemala	2,200
Pakistan	2,330	Nepal	2,190
Burundi	2,320	Vietnam, Rep.	2,170
Cameroon	2,320	Indonesia	2,160
Colombia	2,320		
Ivory Coast	2,320		
Jordan	2,320		
Kenya	2,320		
Mauritania	2,320		
Somalia	2,320		
Zambia	2,320		

Source: Calculated from Annex Table: Population, food supply and demand for food in individual countries; Assessment of the World Food Situation, Present and Future, Item 8 of the Provisional Agenda, United Nations, World Food Conference, November 1974.

AID/PPC: April 1975

Capital Transfers, Capital Intensity and Capital Projects

The three terms "capital transfer," "capital intensity," and "capital project" are sometimes used in Congressional or other documents in ways that suggest confusion as to their meaning. This brief paper attempts to clarify what AID means by these words.

- 1) A capital transfer is an international financial transaction involving the movement of funds from the capital-exporting to the capital-importing country; the funds can be given as grants, exchanged for debt instruments, or used to purchase equity positions. Capital transfers thus include private and official long- and short-term purchases of debt, direct foreign investment, and private and official grants. Accordingly, virtually all forms of assistance extended by AID to LDCs involve capital transfers. Such transfers can, in turn, be used by the recipient for purchasing goods and services from the United States or from other countries. These could include raw materials, intermediate or capital goods or services such as those of technicians, engineers, etc. Even though the expenditure under any specific project may be entirely in local currency and not require direct procurement from abroad, the capital transfer (in the form of foreign exchange) is required to buy goods and services in the local market and is therefore essential to the undertaking of any AID programs in LDCs.
- 2) A capital development project is the creation, improvement, or expansion of physical assets or institutions which produce goods or services--factories, land improvement, roads, agricultural research capacity, school systems, etc.
- 3) Capital intensity refers to the proportions in which capital is combined with labor to generate goods and services either in specific projects or at a more aggregated (national, sectoral, or sub-sector) level.

The adjective "large" is also used in a rather loose way without specifying large in relation to what. Is a "large" transfer large in relation to the GNP of the recipient country, its total imports, its total investment program, the number of intended beneficiaries, the size of total external assistance to that country, the AID budget, or what?

In any case, the size of the project is not the relevant criterion; what is relevant is a) that the project makes efficient use of scarce resources and b) that the benefits flowing from the project accrue largely to the poor. Some large scale projects meet these two criteria and some small scale ones do not.

The size of a transfer does not signify anything about its impact on the poor. What groups benefit depends on how the resources financed by the transfer are used. Assuming that the resources financed by a large and small transfer were applied equally well to meeting the needs of the poor the larger transfer would have the greater beneficial impact. Under these circumstances a \$20 million transfer, for instance, should have twice the impact of a \$10 million transfer to the same country.

Implications for AID Programming

1) Capital Transfers. A development assistance program by its very nature involves capital transfers. As far as AID is concerned, the appropriate size for a capital transfer (apart from AID budget considerations and U.S. objectives not related to development) depends on the determination and capacity of the government of the recipient country to implement policies, programs, and projects which reach the poor and the magnitude of additional resources which are needed and can be effectively used for this purpose.

2) Capital Projects. Capital projects can be not only compatible with but essential to the achievement of poverty alleviation objectives. Capital projects should therefore, as noted above, be judged individually in terms of who benefits from them and whether in their creation and subsequent operation they employ appropriate combinations of capital and labor.

3) Capital Intensity. The mixes of capital and labor should be viewed as a spectrum running from highly capital intensive to highly labor intensive. Some sectors or sub-sectors (e. g. petroleum refining) are necessarily very capital intensive because of the technology involved. In other sectors (e. g. agriculture or construction) a range of technologies exist or can be devised. LDCs, with their shortage of capital and abundance of labor, should concentrate on sectors which are relatively labor-intensive and within sectors should employ technologies which are as labor intensive as is compatible with social rate of return criteria (i. e. after correcting for distorted factor and commodity prices) and with seasonal variation in the availability of labor. In considering factor intensity it is important that attention be given not only to the project itself but to the effects of its backward and forward linkages on the demand for capital and labor. For instance, a project which by itself is rather capital intensive may create a need for inputs which are very labor intensive or produce a project which is used in very labor intensive ways. It is necessary, therefore, to look beyond the project itself and take into account its indirect as well as its direct employment effects.

The Role of AID and "Direct Assistance" to the Poor Majority

AID supports and assists LDC agencies in planning, financing, implementing, monitoring and evaluating programs and projects which promote development activities which primarily and directly deal with the problems of and benefit the poor majority.

AID may therefore support activities which directly benefit the poor majority or support through assistance in planning and institution building LDC agencies that deal directly with the problems of the poor majority. Almost invariably AID assistance would reach the poor majority not "directly" through, for example, U.S. advisors working directly with villagers, but through:

- a) public or private intermediary institutions, and
- b) advice leading to change in LDC policies which, in several ways, might improve benefits to the poor (e. g., policies which influence the availability of opportunities--including employment--and the supply and cost of basic goods and services).

Participation

An approach to development that may be characterized as follows:

1. Decisions concerning the activities to be carried out are made, preferably, by those benefited (i.e., the poor), or if not, at least with effective consultation and substantial acceptance by those benefited.

There are examples of participation in decision-making with regard both to project selection and implementation. At the implementation level, participation occurs in the analysis and approval of applications for credit by local cooperatives. This usually involves a "credit and finance" committee which does most of the work and the members of the Management Board who give the formal approval and are legally responsible (in well-run co-ops) for the co-op funds. Examples can be found in Bangladesh (Comilla Thana), Gambia, Guatemala and Taiwan.

Participation in project selection is illustrated by recent developments in the program of the National Community Development Service, an autonomous agency of the Bolivian Government. Local people are hired and trained as technicians by the NCDS to assist villages establish project committees to identify projects which are then submitted to the NCDS for financing. Another example is the rural public works program of the early sixties in East Pakistan where village representatives participated in project selection at the county (Thana) level.

2. The activity in which they participate is, ideally, a learning experience for benefited persons, which increases their technical skills and/or their capacity to organize for common purposes and for greater access to the benefits of development.

An example would be women, who receive training as midwives in local infant and child care programs. Through their participation they increase their knowledge of nutrition, the environmental situation and control of communicable diseases and also how to involve the local community for those programs which are community wide. Country examples of such health and nutrition programs include North East Brazil, Sri Lanka and Taiwan.

3. Economic benefits are widely and significantly shared by the poor with the objective of narrowing the relative income gap between rich and poor, e.g. the co-op which benefits all small farmers or the type of health improvement program cited in No. 2.

Country examples include Egypt, South Korea, Sri Lanka and Taiwan.

4. The poor make a significant contribution in effort and resources to the activities from which they benefit, e. g. through personal savings, or serving as members (usually without compensation, though expenses are covered) of local planning or project implementation committees, as in the examples given in Nos. 1 and 2 above.

Country examples include Taiwan in particular as well as Egypt and South Korea. In the above mentioned Bolivia National Community Development Service program, villages are now expected to cover one-half of the total cost of projects.

5. The participation and contribution of women should be explicitly taken into account under the above-mentioned considerations, e. g. , any of the above or other examples when the participants are women.

Rural Development

We propose the following approach to a definition of rural development. Rural development covers all sectors of development and all people who live in farm villages or hamlets and those who live in urban centers whose economic life depends primarily upon agriculture. In small and medium-sized countries, rural development by this definition may well cover the entire country apart from the capital city and seaports and mining towns, if there are such. In some countries, major regional cities would also probably be excluded. Because of variations in population densities and levels of modernization in the developing world it is impractical to use community size as a criterion to divide urban centers between those which are primarily farm-related and those whose economic life is primarily non-agricultural. Section 103 on food and nutrition assistance may, by the above definition, cover 98 to 99% of the urban places in the developing world.

Rural development according to Section 103 and its legislative history consists of those resources to which the rural population, and especially the poor, need access, both to increase their output and incomes and to improve the quality of their lives. The output component of rural development is most usefully thought of as total rural production rather than agriculture, and the emphasis in production planning is on the linkages among agriculture, industry, and marketing (these categories include associated services and physical infrastructure, such as credit, information, inputs, processing, roads, irrigation, etc.). Rural development is viewed as a process with an important self-sustaining element and therefore one that requires local people, local resources and local savings to be involved to their fullest in project design.

Collaborative Style

An approach to policy, program and project development characterized by an inter-active process of consultation, planning and decision-making between AID and the government of a developing country. This process assumes a certain measure of congruence of policies and objectives between AID and the government. The framework of AID policies and requirements is defined by the FAA of 1973 and other legislative and administrative determinations.

Unclassified

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{AWIDE}

LIST P FOR A.I.D. AIRGRAMS AND TELEGRAMS

SEND TO:

LIST P

2	ABIDJAN	5	GUATEMALA	3	NIAMEY
4	ACCRA	9	ISLAMABAD	2	NOUAKCHOTT
6	ADDIS ABABA	8	JAKARTA	2	OUAGADOUGOU
2	AMMAN	10	KABUL	6	PANAMA
7	ANKARA	6	KATHMANDU		
3	ASUNCION	2	KHARTOUM	4	PORT AU PRINCE
2	BAMAKO	2	KINGSTON	7	QUITO
10	BANGKOK	5	KINSHASA	5	RABAT
7	BOGOTA	6	LAGOS	10	SAIGON
6	BRASILIA	7	LA PAZ	2	SANAA
2	CAIRO	6	LIMA	5	SAN JOSE
2	COLOMBO	3	LISBON	5	SAN SALVADOR
2	CONAKRY	7	MANAGUA	5	SANTIAGO
2	COTONOU	6	MANILA	5	SANTO DOMINGO
5	DACCA	2	MBABANE	4	SEOUL
4	DAKAR	3	MEXICO	5	TEGUCIGALPA
2	DAMASCUS	5	MONROVIA	6	TUNIS
4	DAR ES SALAAM	2	MONTEVIDEO	2	USUN NEW YORK
2	FREETOWN	12	NAIROBI	10	VIENTIANE
3	GEORGETOWN	5	NEW DELHI	2	YAOUNDE

CAPTIONS

ACCRA FOR USAID FOR RPO

BANGKOK FOR USOM AND RED

DAR ES SALAAM FOR USAID AND RDOEA/ARUSHA

GUATEMALA FOR USAID AND ROCAP

NAIROBI FOR USAID AND REDSO/EA

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