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ANNUAL REPORT SUMMARY SHEET

Economic Analysis Support For Rural Development
Planning, Programming and Development RSSA USDA 06-74

Project Title and RSSA Number

Richard S. Magleby, U.S. Department of Agriculture

Principal Investigator and Contractor

U.S. Department of Agriculture
Economic Research Service
Washington, D.C. 20250

Contractor's Address

July 1, 1973 To June 30, 1975

Contract Period

July 1, 1973 To June 30, 1975

Reporting Period

Total Expenditures and Obligations \$79,999
Through Previous Contract Year

Total Expenditures and Obligations \$86,908
For Current Contract Year

Narrative Summary Of Accomplishments and Utilization

The research component of this RSSA was directed toward Secondary Data Assembly and Performance Analysis.

The principal research accomplishments were: (1) some exploratory research on extent and distribution of poverty and malnutrition in less developed countries, (2) some thoughts toward a conceptual framework for rural development planning, programming and evaluation, and (3) TDY participation in a team evaluation of alternatives for restructuring AID/Paraguay's small farmer development loan. Reports on the above were submitted to AID. Accomplishments were less than originally planned due to a joint decision by AID and USDA to limit funding in FY-75 to the first three months of the year, whereas the research was designed to have run through June 1975.

In addition to the research project, the RSSA was utilized to provide specialized USDA expertise to AID in the following areas.

Dr. Ronald Tinnermeier, a Colorado State Agricultural Economist working in cooperation with USDA's Extension Service, was detailed to AID during FY-1975 to work with the Office of Development Administration, TAB. Dr. Tinnermeier served as a resource person for the Working Group on the Rural Poor. In addition to reviewing policies suggested by the Group, he (1) reviewed the report by Development Alternatives, Inc., entitled "Strategies for Small Farmer Development," as well as other local action reports and materials of DAI; (2) participated in AID/W reviews of 20 Mission papers on rural and agricultural development projects and programs; (3) had two TDY's to Nicaragua and one to Guatemala as a consultant on small farmer development loan proposals and (4) served as a consultant for the extension of the University of Wisconsin Land Tenure Center Grant.

Dr. John Hyslop, an USDA Agricultural Economist, was detailed to AID during FY-1975 to work with the Agricultural Economics and Sector Planning Division, TAB. Dr. Hyslop participated in the (1) program and project proposal review; (2) research and technical assistance project development; and (3) direct technical assistance to AID Missions.

Dr. Kurt B. Anschel was put under contract to work with AID in undertaking a survey and inventory of rural development programs, concepts, definitions, methods of diagnosis, and technical/professional resources. This included Federal, State and Local governments, voluntary agencies, foundations, etc.

Roberta van Haeften, an USDA Agricultural Economist, prepared and presented a paper on the World Food Situation to the Western Association of Agricultural Economists in Moscow, Idaho.

Research Report - FY 74 and 75
Economic Analysis Support for Rural Development
Planning, Programming and Development RSSA USDA 06-74

RESEARCH REPORT - FY 74 and 75

A. Background

AID funding for USDA backstopping was changed from TC&S to Overhead beginning in FY-74. AID suggested that such activities as Information and the International Development Center, previously supported wholly or in part from TC&S funds, should be covered by separate PASAs or RSSAs in the future.

Between early May 1973 and late December 1973, several draft PIO/Ts passed between USDA and AID, and agreement was reached on a 3 year project involving the following objective:

"The overall objective is to develop and maintain a data and analysis system for rural development planning, programming, and evaluation. The Agency (AID) is placing renewed priority on food production, nutrition, employment and income distribution problems, all bearing heavily on the rural sector in the LDC's. Thus the Agency has need for developing the capacity and framework for measuring progress and evaluating the extent to which alternative strategies and programs will contribute to specific development goals."

An initial planning phase and three work phases were contemplated as follows:

- Planning - Preparation of a detailed work plan
- Phase I - Secondary data assembly and performance analysis
- Phase II - Strategy identification and analysis
- Phase III - Country level agricultural sector assessments

Mutual agreement could not be reached regarding a detailed project statement, work plans or staffing. As a result, a joint AID/USDA decision was made in June, 1974 to discontinue the research project as originally described in the December PIO/T. Agreement was reached in August to provide 3 months funding in FY 1975 to permit summarization of the research accomplished. In August 1974, RSSA Amendment 1 was signed which provided a three month continuation of Phase I of the original research project, to permit preparation of a report.

B. Project Objectives

The services to be provided by USDA, as specified in the PIO/T signed in August 1975, were as follows:

Preparation of a report based upon Phase I activities of original project, which were to: "systematically assemble comparable secondary data from selected LDC/s on performance of the agricultural sector, considering income distribution and employment as well as production, nutrition, and trade criteria, and including results of regional as well as sectoral evaluations. Identify data gaps and limitations. Determine which countries seem to be making progress with reference to each criteria, and which are not. Identify principal development problems and needs."

C. Accomplishments to Date

Research Accomplishments:

1. The project staff completed a report entitled: Poverty and Malnutrition in Developing Countries and Regions. This report included an inventory of data availability and a preliminary assessment of the extent and distribution of LDC poverty and malnutrition. Principal findings were: (a) The developing world's poor and malnourished are heavily concentrated in Asia, about two thirds of the total, with the other third divided among Africa, Latin America and the Near East, in that order. Asia also has the highest relative poverty and malnutrition, but the disparities among regions are not as striking. (b) The five countries with the most malnourished (and probably also poor) are India, Indonesia, Bangladesh, Pakistan, and the Phillipines, even though other countries, and in some cases, many other countries, have higher relative levels of malnutrition (and likely poverty). This complicates the placing of assistance priorities. (c) The developing world's poor and malnourished are also heavily concentrated in rural as opposed to urban areas, about three fourths overall. However, one region is exceptional, Latin America, where urban poverty and malnutrition are predominant. (d) Data limitations for country specific analysis are sizable. Less than half of the developing countries have income distribution data, and only slightly more than one-half have any kind of food consumption-nutrition survey. Improvement in the data availability could well be a technical and financial assistance priority.

2. Dr. Karl Fox (Iowa State University), consultant to the project, prepared two papers in which he presented some of his thinking about a conceptual framework for the project. These have been transmitted in draft form to AID.
 - (a) Rural Development Planning, Programming, and Evaluation: Some Preliminary Considerations (July, 1974). The principal observations were:
 - (1) The world must be viewed as a single, interrelated system, involving major metropolitan areas as focal points of development activity.
 - (2) The world is moving towards a single "normative" standard of living.
 - (3) A "unimodal" agricultural development strategy appears best, one which relies on widespread application of labor-intensive technology to the whole of agriculture, along with research, land redistribution, provision of infrastructure and growth of institutions which spread development evenly over the mass of the people.
 - (4) Rural development strategies should be related to the world system of metropolitan areas through "functional economic areas" which tie into the system.
 - (b) Toward a Comprehensive Conceptual and Analytical Framework for Incorporating Rural Social Issues Into Development Planning, Programming, and Evaluation (Rough draft October 1974). In this, Dr. Fox expands upon the concepts introduced in his first document and goes into the development of data systems and empirical models. In particular he stresses the importance of proper regionalization in the national data system (proper delineation of functional economic areas).
3. Richard Magleby served on a three man TDY team which made an "Evaluation of Alternatives for Restructuring (US AID/Paraguay's) Small Farmer Development Loan" (August 1974). Principal recommendations were:
 - (a) That the loan remains feasible, even with exclusion of cotton and tobacco, but doubtful with the additional exclusion of soybeans. No other crops or enterprises have immediate possibilities of replacing soybeans in the loan package.
 - (b) That USAID/Paraguay undertake a more detailed feasibility analysis of the oil extraction plant before proceeding.
 - (c) That the feasibility be studied of additional cold storage facilities for potatoes and onions.

4. The following draft working or background papers were prepared as part of the staff's work, for internal use and discussion (copies will be provided upon special request):

- (a) Niehaus. Development and the Personal Distribution of Income: An Empirical Summary (preliminary draft March 1974)
- (b) Niehaus. The Theory of Income Distribution: A Brief Introduction (Preliminary Draft, March 1974).
- (c) Niehaus. Review of Selected AID Financed Research on Welfare Issues in Development.
- (d) Rowland. Availability of Data For Rural Development Project (September 1974).

D. Dissemination and Utilization of Research Results

1. The report on extent and distribution of poverty and malnutrition is just now being distributed. Hopefully it will provide some additional perspective for discussions and policy making on the two related problems.
2. Karl Fox's papers had the intention of contributing to the conceptual development of the original project.
3. The evaluation of the small farmer loan proposal was used extensively in decision making in AID, and in guiding the preparation of a restructured Capital Assistance paper.
4. The working or background papers were used in doing the research on poverty and malnutrition. No dissemination has been made outside of USDA.

E. Statement of Expenditures

FY-74 - Research

Salaries and benefits	\$41,416
Consultants (Dr. Karl Fox)	20,000
Travel	832
Supplies and materials	1,693
Overhead	15,998

FY 74 total \$79,999

<u>FY-75</u>	<u>Research</u>	<u>Tinnemeier</u>	<u>Hyslop</u>	<u>Anschel</u>	<u>vanHaeften</u>
Salaries and benefits	\$16,200	23,000	15,000	3,565	715
International Travel	1,194	2,989			
Domestic Travel		1,675		35	413
Supplies and Materials		3,965			
Data Processing	776				
Overhead	<u>4,542</u>	<u>7,907</u>	<u>3,750</u>	<u>900</u>	<u>282</u>
Total	\$22,712	39,536	18,750	4,500	1,410