

PROJECT AUTHORIZATION

1. PROJECT NUMBER 931-11-570-016	3. COUNTRY Worldwide	4. AUTHORIZATION NUMBER 0014 Amendment #4
2. PROJECT TITLE Population/Economic Growth Analysis and Presentation		5. AUTHORIZATION DATE May 6, 1971
		6. PROP DATED

7. LIFE OF PROJECT

a. Number of Years of Funding: 7
Starting FY 1968; Terminal FY 1974

b. Estimated Duration of Physical Work
After Last Year of Funding (in Months): 6

8. FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY			
	GRANT	LOAN		Exchange Rate: \$1 =		HOST COUNTRY	
				U.S. OWNED		JOINTLY PROGRAMMED	OTHER
Prior through Actual FY 68-70	341						
Operational FY 71	390						
Budget FY 72	250						
B + 1 FY 73	250						
B + 2 FY 74	250						
B + 3 FY							
All Subsequent FY's							
TOTAL	1,481						

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

10. CONDITIONS OF APPROVAL OF PROJECT

Revised PROP #2 approved by regions. Regional clearances of revised PROP #2: LA/PCD E. Parfrey 5/4/71 (phone); NESAs/OPP J. Alden 5/3/71 (memo); EA/TECH J. Shafer 5/4/71 (phone); AFR/TAC distributed, clearance pending 5/4/71.

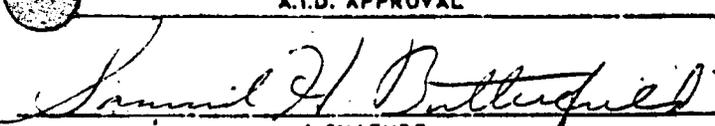
Relevant regions give clearance for each Task Order under Basic Ordering Agreement. For Task Order #4, no region clearance has been requested since (a) the regional offices have just completed clearance of the revised PROP that covers the scope of work described and (b) no work under this Task Order is focused on any specific region nor does it involve any foreign travel.

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperation of the host country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
 SIGNATURE SA/TA, Sam Butterfield 5/12/71	TA/POP/AE, J. Brackett	5/5/71
	TA/POP, R. T. Ravenholt	5-5-71
	TA/PM, J. Kean, Kenneth Levick	5/5/71

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(NON-CAPITAL PROJECT PAPER (P))

Country: Worldwide Project No. 931-11-570-016
 Submission Date: April 28, 1971 Revised No. 2
 Project Title: Population/Economic Growth Analysis and Presentation
 U.S. Obligation Span: FY 1968 through FY 1974
 Physical Implementation Span: FY 1968 through FY 1974

Gross life-of-project financial requirements:

U.S. Dollars.....	Previously obligated	\$ 581,000
	Additional Requirements	900,000
	Total	<u>\$1,481,000</u>

I. SUMMARY DESCRIPTION

This second revision of this project provides for the expansion and refinement of materials prepared by GE-TEMPO under csd-1936, and for follow-up activities to make effective use of them in several LDC's. These materials were created to demonstrate to opinion leaders and policy makers in developing countries the adverse effects of high rates of population growth on economic development. A major element in our strategy to get population into the mainstream of development planning discussions is to provide demonstration applications of the TEMPO Population/Economic Growth Analysis to selected countries. Our experience in applying the analysis to Turkey, Guatemala, Thailand, and Chile suggests that while the demonstrations have had a desirable impact, a further elaboration of the analysis to make it conform more closely to the varying conditions and specific problems of individual countries would greatly increase its effectiveness. Interest in applying the analysis has been growing rapidly, with studies recently inaugurated or planned in 10 African countries (by the J.N. Economic Commission for Africa) and

6 countries of Latin America and Asia. This interest and the potential significant influence these studies may have on the alteration of national population policies tend to justify both the further improvement of the analytical model and the provision of adequate support for additional field demonstrations. A lack of staff time both in AID/W and in the field requires that we look for outside consultative and technical assistance to move quickly to do this. Under the present revision of the project TA/POP would continue to fund task orders under a basic ordering agreement with GE-TEMPO to support staff and to work on elaboration and refinement of the analytical materials which will facilitate specific country application. AID would also fund task orders with GE-TEMPO and contract with others to provide demonstration and related services on request of AID/W or USAID's. A new 12-month task order with GE-TEMPO is proposed for the purpose of further development of the analytical techniques. It is anticipated that several new country applications will be made each year for several years, with some continuing modification of the model and basic documents in the light of accumulating country experience. A widening interest in the use of the analysis is anticipated during preparations for the 1974 World Population Year and as a result of anticipated improvements in the availability of basic demographic and economic data. Because lack of staff time in missions is often an obstacle to effecting arrangements for country applications, provision should be made for task-ordering alternatively by missions or by AID/W for such work. The level of fund-

ing proposed reflects a cost of \$150,000 for the continued basic work as well as provision for central funding of field work at a level of \$100,000 in the coming fiscal year. The recommended level of funding for FY-72 through FY-74 is at the annual rate of \$250,000.

II. SETTING OR ENVIRONMENT

In order to explain more effectively to officials of LDC host governments the advantages of lower fertility rates, AID contracted with GE-TEMPO in 1968 to analyze the relationships between various population growth rates and the factors of economic development, and to prepare a set of materials designed to present the arguments for lower fertility rates. These materials were produced under AID contract csd-1936 and were distributed in July 1969 to all AID missions and through them to host country governments. The documents in these materials outline the main lines of current thinking on the relation between population and economic development. They include directions for making economic-demographic projections, calculating the impact of population growth on education, housing, etc., and discussion materials.

The reaction of most missions was that the TEMPO materials would be useful aids to explaining the relation between population and development. However, a major theme in their replies was that the materials would require adaptation to the host country in order to be really useful in communicating with higher level decision makers. Since qualified staff with time for the task were not available in missions for this adaptation, AID contracted with TEMPO for the necessary in-country consultative services in applying the analysis. Under earlier

task orders of basic ordering agreement csd-2611 the analysis was applied to Turkey, Guatemala and Chile, a simplified economic-demographic model was produced for making projections in countries where computers are not available, and some modifications of the model were made on the basis of country application experience.

The experience of applying the analysis to developing countries has indicated a need for more than one type of analytical model. While the original model serves the useful purpose of explaining to economists and others why declines in fertility will improve income per capita, it stops short of the level of detail which would make it more useful to some officials with planning responsibilities. The original is an aggregate model, which treats the whole national economy as one entity; it is expressed in terms of resource employment and physical output, with no regard for governmental financial budgets. As a result, some government officials do not recognize in it the many specific problems that they face, and the psychological impact of the model upon them is correspondingly reduced.

In order to overcome these limitations and to increase the usefulness of the TEMPO model, GE-TEMPO has recommended that a more detailed version of the model be developed, one which would include several sectors and which would take into account government budget analysis. In addition to major re-structuring, it is proposed that several basic components of the analysis be made more realistic and useful by employing a more detailed conceptual structure and supporting data. In addition, the contractor has proposed research on incentive systems to encourage effective contraceptive practices and on development of a

strategy for achieving the minimum desired number of surviving sons with low total pregnancies. These latter research objectives address problems of fundamental importance on which TA/POP recognizes a serious need for research.

Besides the need for modification of the analytical framework, the other major existing need is for continued consultative services in adapting and applying the analysis to interested host countries. The interest by individual countries in making such studies has been growing rapidly. Preparations are being made for applying the analysis to Venezuela, Colombia, Peru, Jamaica, and Nepal; and some interest has been shown by Bolivia. In Africa, ten countries are beginning work on partial analyses employing the TEMPO materials. These studies are being encouraged by the Economic Commission for Africa in preparation for a regional population conference. These existing demands comprise a need to continue the contract with GE-TEMPO for task-ordering of services to LDC's on requests of missions. They suggest the possibility of further expansion of the needs for such services and the consequent desirability of supporting a continuing capability and commitment of GE-TEMPO in this area of work.

In order to economize on the use of staff resources in helping LDC technicians to apply the analysis to their respective countries, some exploration may be made of possible methods to assist several countries simultaneously, as by the use of a seminar or laboratory approach to collaboration.

III. STRATEGY

The proposed work program builds upon several years of developmental and consultative work by the GE-TEMPO group under the direction of Dr. Stephen Enke. Therefore, the continuation of a base contract with TEMPO appears the best way in which to pursue the further practical objectives which have become defined and made possible by this institution's pioneering work. Such a contract will enable TEMPO to continue to respond quickly to tasks requested by AID/W, AID missions, or by host governments through AID missions. In order to insure the flexibility needed for quick response to a variety of types of demands, arrangements will be made for task ordering by either mission or central funding.

The purpose of the task order covering refinements of the materials is:

1. To expand the TEMPO analytical model so that it will seem to LDC officials to pertain more specifically to actual problems faced by them, and will thereby increase their interest in and utilization of it. In this elaboration, which will modify the model in the direction of a planning instrument, TEMPO will be requested to take into account work being done by the Census Bureau on a long range planning model (LRPM) as well as compilations and analyses of LDC demographic and family planning data being developed by the Census Bureau.
2. To provide technical assistance to AID to promote the most effective use by LDC's of the TEMPO basic model and related analytical techniques. This assistance may include both application of analyses within individual countries and cooperation in the presentation of seminars or laboratories for participants of several countries.

3. To maintain the capabilities and staff developed by GE-TEMPO to permit the expeditious and efficient performance of mutually agreed task orders. Under the task order GE-TEMPO will offer its technical assistance in the following areas as agreed between the AID/TA contract monitor and the GE-TEMPO project supervisor:

a. Elaborate the original TEMPO model so that it will have a structure that LDC officials will recognize as resembling their own countries and problems. This may include (1) division into several sectors and subsectors; e.g., a rural-agricultural and an urban-industrial, with the latter divided into public and private subsectors; (2) introduction of government budget analysis to make the model useful as an overall planning tool; (3) review of several of ^{the} model's elements for possible improvement, such as formulation of the consumption function in terms of child dependency ratios, improvement of the employment function to reflect existing capital/labor ratios, and relating of fertility rates to life expectancies, per capita income, urbanization, and other factors.

b. Expand social service analysis to permit distinction between outlays associated with (1) population growth only, (2) rising participation rates and improved quality, and (3) operating and investment costs. Include social service outlays in gross consumption.

c. Explore alternative strategies available to parents by which they can have a realistic conception of their chances to have the desired number of surviving sons during their old age. Indicate strategies that achieve this old age insurance objective but minimize pregnancies.

d. Survey existing programs of incentives through library research, exploring alternative systems of incentives applicable to potential parents, the medical profession, contraceptive distributors, finders, etc., which include appropriate safeguards. Outline a program mix for a 10-year period for a typical LDC.

In addition to assisting AID in the above areas, GE-TEMPO will maintain the capability to undertake expeditiously and efficiently task orders as assigned by AID's Technical Assistance Bureau, regional offices, and missions. It is anticipated that these tasks will include application of the manuals and model to specific countries in response to requests from AID Missions or host country governments (e.g., Venezuela, Colombia, Peru, Jamaica, Nepal, etc.). In response to such requests GE-TEMPO will be prepared to apply experienced teams, highly qualified demographer-sociologists, economists, programmers, reference librarians, and the required expert consultants. Such teams will include persons assisting AID under the terms of the base contract. Most of the members of such teams are already working at TEMPO on population problems under the direction of Dr. Stephen Enke, who would continue as project supervisor under the terms of the proposed contract.

Upon assignment of a task--as for example, in the task order now being negotiated to apply the population-economic growth model to Venezuela--TEMPO will:

1. send into the field appropriate members of its staff and expert consultants, some or all with local language capabilities, to

confer with the AID Mission and host government officials and to collect the required data;

2. conduct computer runs and summarize results;
3. provide required library reference services;
4. provide AID with an agreed number of copies of analyses, models, manuals, etc.
5. prepare field presentations for various AID Missions and host government audiences;
6. provide technical assistance to AID Missions in using, applying and expanding the social cost manual.

IV. PLANNED TARGETS, RESULTS AND OUTPUTS

The scope of work proposed above for the base contract will result in significantly improving the applicability of the manual and model to specific country situations and the effectiveness of the presentation of these materials to the AID Missions and host government officials. Throughout the life of the basic ordering agreement GE-TEMPO will maintain close contact with the Office of Population in AID/TA, and will prepare reports and briefings for AID on the progress of work agreed to between the AID/TA contract monitor and the GE-TEMPO project supervisor. Through the operation of this contract GE-TEMPO will maintain and develop its technical and staff capabilities ready to respond to specific task assignments to be made by AID in the field of population/economic growth analysis and presentation.

V. COURSE OF ACTION

The work would proceed under the basic ordering agreement under which TEMPO will offer its technical assistance to AID/TA by applying a small, technically qualified interdisciplinary staff to one or more of the subject areas described in Section III above as defined by specific task orders.

All overseas travel will be made under the terms of the specific task contracts.

The TEMPO professional staff will be under the direction of Dr. Stephen Enke.

VI. EVALUATION

Revisions of the basic model and of the presentation materials will be evaluated in terms of their usefulness in specific country applications. Usefulness in this context is measured by the satisfaction of host country professionals with the model as an analytical tool and by the kind and volume of policy recommendations that result from specific country studies.

PROPOSED BUDGET FOR ADDITIONAL REQUIREMENTS

	FY 68-FY 70	FY 71*	FY 72	FY 73	FY 74	TOTAL
Wages and Salaries	82,686	95,000	61,000	61,000	61,000	360,686
Overhead	126,928	122,000	78,000	78,000	78,000	482,928
Travel and Transportation	14,941	28,000	18,000	18,000	18,000	96,941
Consultants	28,060	36,000	23,000	23,000	23,000	133,060
Other Direct Costs	11,977	20,000	13,000	13,000	13,000	70,977
Contractor Independent Research Program	5,514	7,000	5,000	5,000	5,000	27,514
General and Administrative	42,858	49,000	31,000	31,000	31,000	184,858
Fixed Fee	27,921	33,000	21,000	21,000	21,000	123,921
TOTAL	<u>340,885</u>	<u>390,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>1,480,885</u>

* \$240,000 for FY 1971 was previously obligated under Task Order #3. An additional \$150,000 is currently under review under Task Order #4.