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# **Annual Budget Submission**

**FY 1988**

**PPC**

**Office of Policy Development  
and Program Review**



**June 1986**

**Agency for International Development  
Washington, D.C.**

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FY 1988 Annual Budget Submission  
Office of Policy Development and Program Review

PPC

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FY 88 Annual Budget Submission

Action Plan

Office of Policy Development and Program Review

PPC

Introduction

This Action Plan has been developed in light of the experience and knowledge gained as the Office has pursued our strategic and near-term objectives. As a reflection of Agency needs, the emphasis in policy development has changed in many instances from new policies of major scope to guidance which addresses issues and questions arising from policies already in place. With regard to project review, the continuing decentralization of the Agency's project approval process points to a PDPR role in project review which is more selective and more focused on projects of special policy significance. PDPR's function of overall policy support for the Agency's leadership is one we expect to continue and hope to strengthen.

Section 1.

Office Action Plan

PDPR's long term objective remains to engage in research, studies and selective program initiatives to support the Agency's policy development, articulation and implementation process. PDPR will continue to carry out programs that help maintain the Agency's leadership role in: 1) contributing to an enhanced understanding of the development process; 2) fostering innovative approaches to development; and 3) identifying future issues and trends in development. In addition, the office will continue to maintain sufficient flexibility in managing its research and program initiatives to respond to unanticipated requirements. These requirements often involve complex and/or controversial subjects and require a rapid response to meet the needs of Agency decision-makers; we intend to strengthen our capacity to meet these stringent time requirements through the cooperative agreement and/or IQC mechanisms.

The emphases of PDPR's near-term objectives as reflected in our research plan are in good measure an outgrowth of the changes and progress discussed above and later in Section 2:

- Promotion of LDC policies which lead to an expanded role of the indigenous private sector;
- Understanding and mitigating as appropriate the effects of policy reform and country growth on meeting basic needs;
- Institutional development and sustainability, as well as improved organizational efficiency, including the application of marketplace techniques and discipline to both private and public organizations;
- The relationships among financial market development, economic growth, and privatization;
- Identification of innovative and effective approaches to development across and within specific sectors.

In addition, PDPR will continue our research efforts on special topics in key sectors in which the Agency has had a longstanding interest or a leading policy role among donors. These include:

- Child survival;
- Agricultural development and food self-reliance;
- Population assistance;
- Natural resource management;
- Human rights and the promotion of democratic institutions.

#### Privatization

PPC is continuing its role as the Agency's leader in policy research on privatization. PDPR plans to move aggressively into a variety of new programs on privatization in FY 1987. First, a technical assessment will be prepared on privatization and divestment techniques that will supplement the policy guidance developed in 1986. Second, PDPR will support the development of appropriate mechanisms for communicating the benefits of privatization to LDC public and private sector leaders. Finally, we will initiate a Privatization Policy Studies series that will examine various privatization topics, such as the political problems associated with privatization and policy approaches for privatization and deregulation in various economic sectors.

#### Credit and Financial Markets

A.I.D. has been actively engaged over the years in helping LDCs overcome the deficiencies in their financial markets.

Throughout this period, A.I.D. has utilized various mechanisms to develop indigenous financial markets, mobilize additional local financing, and provide local entrepreneurs access to credit. In recent years, however, the nature of the economic problems confronting LDCs has changed. PPC's policy guidance on "Private Enterprise Development" and "Guidelines on Terms of Aid" both deal with the issue of credit and financial markets, but additional guidance is needed to make A.I.D.'s assistance more effective.

P DPR plans a new series of policy studies on financial markets to help develop new policy guidance on financial development and credit. The research will encompass a range of issues including the development of appropriate LDC financial institutions and instruments; venture capital in LDCs; the relationship between privatization and LDC financial market development; and LDC enterprise behavior with concessionary credit vs. market-priced credit for small scale enterprises.

#### Agriculture In the Private Sector

The ultimate goal of A.I.D.'s agricultural development programs and policies in developing countries is a market oriented agricultural sector that provides, through production, distribution and trade, a nutritionally adequate supply of food for the country's population. Traditionally, LDCs have depended heavily on the public sector to respond to agricultural development problems. A.I.D.'s agricultural programs at this time, however, emphasize to a much larger extent involvement of the private sector in the total food system.

With this increased emphasis on the involvement of the private sector in agriculture, several policy issues worthy of further exploration have been identified. First, as we encourage developing country agricultural sectors to become more efficient through policy dialogue and technology transfer, the concern with potential for a negative impact on U.S. agricultural exports is heightened. Therefore, the issue of linkages between economic development and trade needs to be explored further, dealing with such topics as the relationship of per capita income to market growth for U.S. products and the competitive aspects of non-traditional agricultural exports. Second, the right policies will have limited impact on much of the agricultural sector unless more productive and profitable agricultural technologies, effective communication of these new technologies to farmers, and better functioning input and commodity markets are available. The incentive for private sector involvement in research and technology transfer, therefore, needs to be further explored. Third, the implications of our policy recommendations regarding food policy as they relate to political risks needs further

research. The basic question here revolves around the relationship between food subsidy and political stability and the extent to which the two are related. Ongoing research on land tenure security and market development will be supported. Also, an exploration of land-based revenue generated will be examined. Finally, work on regenerative agriculture will be continued.

Although much of the Agency's agricultural strategy has focused on food production, recent data have confirmed that increased food production alone is insufficient to improve the nutritional status of populations. Policy-related research must therefore continue to focus on food consumption issues. These issues include the effect of economic reform on food consumption of vulnerable groups; the effects of seasonal and annual fluctuations in food supply on household food security; and the examination of intrahousehold allocation behaviors which affect food supply, consumption, and nutritional status of vulnerable groups.

#### Family Choices for Children and Child Survival Policy Initiatives

A.I.D. and other donors are putting high priority on child survival, specifically the provision of selected technological interventions. A.I.D.'s goal is a significant impact on the survival and health of children in developing countries. We know that the effectiveness of these efforts depends upon the choices families make for their children. Such choices depend not only on the availability of services, but also on the aspirations that families have for their children and what they believe is within their capability in order to achieve their goals. Considerable resources and human effort have been invested in the development of technologies for improving the survival and prospects of children and for delivering these technologies. However, there is inadequate understanding of the perceptions families have of what they can do for their children and how to achieve their goals. A.I.D. policy and programming in child survival will benefit greatly from an in-depth understanding of the determinants of the choices parents make be encouraged and facilitated. This understanding will contribute to improved programs with the intended long-term impact.

#### Health Care Demand and Financing

Appropriate health financing systems are critical to achieving targeted morbidity and mortality reductions, particularly among infants and children. They can help free up otherwise committed resources, leverage new resources, and allocate scarce existing resources more efficiently toward support of child survival and other preventive programs. In countries

which have already achieved gains in child survival indices, budgetary cuts required to reduce overall government debt may make it difficult to maintain reduced levels of infant and child mortality. Financing activities have until recently not been a priority for the Agency or for other donors. Expertise in this area is not frequently available among Mission staff. PPC will continue to collaborate with the S&T/Health Resource for Child Health (REACH) project to further advance our expertise in health financing.

#### Environment and Natural Resource Management

Environmental and natural resource problems represent important constraints to sustainable economic development in many aid-recipient countries. To date many of the environmental/natural resource activities supported by A.I.D. have involved assessing the environmental impact of A.I.D. field projects and developing mitigation systems or support of "environmental training programs or natural resource/environmental profiles. Little emphasis has been placed on exploring the policies or institutions which influence natural resource use. Given A.I.D.'s diminishing availability of financial resources, such approaches must build on the Agency's unique opportunities to influence broad government policies and to work with other donors to maximize the impact of these funds. The ABS proposes funding for a series of policy studies examining the role of economic incentives and local institutions in influencing decisions which promote effective management of natural resources. Some of these studies will be done cooperatively with the World Bank. Other studies will assist A.I.D. in refining its environmental policies and developing clear guidelines for implementing its environmental regulations.

#### Employment Generation and Labor Codes

PPC is continuing its long-standing work on the generation of productive employment. Our efforts are designed to help Missions identify and remove the constraints to effective labor utilization and market-based wages. Building upon the macro-economic and other research undertaken in past years, PPC will be supporting new research on the employment and union problems related to the privatization of state-owned enterprises, a seminar on labor codes and employment generation, and the dissemination of past research on employment generation. These efforts will help PPC to further refine the Agency's policy with respect to productive employment.

## Education and Human Resources Development

A.I.D. resources committed to EHR objectives are unlikely to rise substantially. Given the resource constraints facing both A.I.D. and the countries in which A.I.D. works, a major policy concern is to identify options for using available education resources most cost-effectively.

For the basic education systems, the policy concern is to improve education system management. Increased research and analysis is needed on administrative, logistic and financing options. The major policy concern for vocational/technical training is to ensure that it fully complements private enterprise development strategies and the continuing emphasis on production agriculture. In addition to continuing efforts to develop more cost-effective vocational/technical training strategies, it is necessary to specify skill requirements more precisely and to ensure that personnel and incentive systems are appropriate to ensure the productive utilization of available trained personnel. Higher education and advanced training has grown rapidly in the past few years, both as expanded participant training and as a renewed emphasis on university building, particularly in agriculture and management fields. There is growing policy concern over the costs of such training and a need for continuing research on university management practices, the specification of demand for advanced training and cost-effective options for financing training. Finally, along with the Child Survival initiatives, there is growing attention to child development in the pre-school years. Each of these areas of emphasis requires improved planning and analysis capacities and access to relevant research bearing on policy and strategy choices. Each area will be subjected to increasingly rigorous concerns for cost-effectiveness, both relative to the specific objectives and as part of the competition for resources among areas for emphasis. PDPR research initiatives will focus on these policy concerns.

## Population

The Agency has continued a strong commitment to voluntary family planning programs. Under this Administration, the rationale for the program has increasingly emphasized individual and family rights, including: (1) the right of couples to choose the number and spacing of their children and (2) the improvement of maternal and child health and (3) the right of couples to have access to and information about a range of family planning methods. The reorientation towards individual rights and informed choice makes these topics priority concerns in population policy implementation.

At the same time, intellectual and political controversy has surrounded the fundamental economic rationale for the family planning program--the reduction of high rates of population growth to contribute to economic development. The controversy has pointed to new lines of research which need to be carried out:

(1) Advocacy groups continue to challenge the population program and A.I.D. policy on both country and issue specific bases. Current topics include reimbursement for sterilization, IE&C materials for different age groups, support for the UNFPA, informed choice and sterilization. Each issue involves policy issues which need timely analysis.

(2) The A.I.D. population program has been strengthened by an Agency emphasis on the private sector. The population program has responded to this priority in two ways: expansion of social marketing projects, and involvement of the private sector in provision of family planning services. The Agency needs to formulate policy regarding the priority and implementation of these programs through further research.

#### Democratic Initiatives, Human Rights and Refugee Assistance

The developmental side of human rights activities in A.I.D. is an express recognition of the U. S. understanding that civil and political rights cannot be separate from economic policies and economic development. A.I.D. believes it is critical to emphasize democracy-building initiatives along with encouraging adherence to individual civil and political rights. Through its program of research, conferences and dissemination of information, PDPR will continue to promote human rights projects which support the principles of political and civil rights, the strengthening of legal systems, the development of democratic institutions and the increased access of disadvantaged groups to the judicial system.

PPC's program of research and evaluation of refugee aid continues to be an important area of concentration. The numbers of worldwide refugees increase daily, assistance requirements remain high and organizations providing assistance need to know the most effective means of helping these disenfranchised people. Private voluntary organizations, the State Department Office of Refugee Programs and UNHCR all provide assistance for specific developmental activities, but few organizations, other than A.I.D./PPC, contribute funding for the vital program of research on and evaluation of refugee issues.

## Regenerative Agriculture

PDPR has conducted several activities aimed at identifying the relevance and implications of resource-efficient agricultural technologies for Agency development policies. The activity proposed for FY 1987 would explore the extension of agricultural and rural development information generally, as well as the possible ways of stimulating and increasing the effectiveness of private sector efforts in this area.

## Section 2

In general, PDPR's research objectives for last year have been achieved, despite the fact that implementation was delayed several months as a result of Agency budget considerations. The two IQC's were used several times during the course of the year. As part of our effort to promote competition in procurement, we negotiated a competitive contract for research in agricultural land revenue utilization. We are also sponsoring a competition for several research grants to examine the interrelationships among population growth, use of renewable resources, and environmental policies in Africa.

PDPR has a need for ready access to sources of expertise which will enable us to provide information and analysis very quickly in response to the needs of agency decision-makers in AID/W and in the field. To that end, we will be considering new cooperative agreement and/or IQC arrangements.

## Highlights and Benchmarks, FY 1985 and FY 1986

### Private Sector Development

Building upon research conducted on privatization of municipal services in Sub-Saharan Africa and agricultural parastatals in Fiscal Years 1985 and 1986, as well as research done in past years on privatization in a variety of countries, PPC developed the Agency's first policy guidance on privatization in FY 1986. Other PPC activities in privatization during FY 1986 included co-managing A.I.D.'s successful International Conference on Privatization, and working with PRE in the development of PRE's privatization services contract.

Over the past year papers have been produced dealing with specialized aspects of the privatization process including the problem of privatization in mixed ownership, the role of the MDBs in privatization and trip reports on prospects for privatization in the Eastern Caribbean and in West Africa.

Direct privatization advice and assistance has been given in response to field requests to Regional A.I.D. offices in the Eastern Caribbean and West Africa as well as to the mission in Honduras. Response to mission requests in Morocco, Tunisia and Panama and other Central America countries is in the planning stages.

#### Food and Agriculture/Rural Development

The study on "Food Self-Reliance and Food Self-Sufficiency: Evaluating the Policy Options" was funded in FY 1986. The study confirms that developing countries should produce those commodities in which they have a comparative advantage (often cereal staples) even though free trade does not operate in the strict sense of the term. The contract is currently being amended to develop a manual for practitioners. Work on the amended contract will begin in summer, 1986.

Funding in FY 1985 of an annotated bibliography and subsequent conference on land reform contributed to the completion of a Policy Determination on land tenure. In the process of preparing the policy statement, a number of issues were identified for further exploration, in order to clarify points for policy dialogue or to further refine A.I.D.'s policy position. PPC and Africa Bureau are supporting in FY 1986 a series of case studies of land tenure security and markets in Sub-Saharan Africa. Analysis of the case studies will determine the effects on agricultural productivity of tenure security, and the sets of country policies that enhance or impede the productive use of agricultural land. Opportunities to generate revenue from the land base, and the utilization of that revenue will also be explored as in FY 1986 as an outgrowth of the land tenure policy preparation process. A study of changes in the structure of agriculture, using the size of the land holding and number of farm families on the land base as key variables, is being co-funded with the Latin America Bureau in FY 1986.

The "Feasibility of Small Farm Development Strategies" study was completed in FY 1985. The report was forwarded to key AID/W offices and to the field. It was also published in 1985 as the lead article in Asian Development Review. The study confirms that small farm development strategies are not only desirable -- but also feasible -- for most low-income countries in which A.I.D. works. The work was undertaken as recommended in the 1982 Food and Agricultural Development Policy Paper.

In FY 1986, the Agency, under PPC's leadership, began to examine the role that regenerative or resource efficient farming systems can play in maximizing agricultural production and income while reducing costs and reliance on external

inputs. In FY 1986, PPC and AFR co-financed a \$36,000 grant to the Regenerative Agriculture Association to support the development of technical papers and their presentation at a workshop on regenerative agriculture.

### Energy

PDPR supported a report prepared by the Atlantic Council entitled "Energy Supply and Use in Developing Countries: A Fresh Look at Western Interests and U.S. Policy Options", which examined the energy situation faced by developing countries prior to the recent sharp decline in world market prices for petroleum. The report emphasizes the need to increase private direct investment in the LDC energy sector and suggests the kinds of government policies/incentives required to stimulate domestic and foreign direct investment. The paper suggests that A.I.D. should increase its energy assistance activities and work more closely with organizations such as the Export-Import Bank which can help finance direct private investment. Although many of the conclusions of the report are still valid, the sharp decline in world prices for petroleum has ameliorated at least temporarily the energy problems of many developing countries while at the same time making energy investments especially in A.I.D. countries relatively less attractive.

### Environment/Natural Resources

During FY 1986, PPC developed a comprehensive system for reporting on project and program activities in forestry, natural resource management or the environment.

In FY 1986, PPC and the Africa Bureau funded the development of a manuscript describing successful development efforts in Africa. To date much of the popular literature on the Africa problem is very pessimistic. Little suggests that there is any hope for Africa's future development. This is an attempt to highlight at least a few areas of promise on the continent.

In FY 1986, a research grants competition is being held to generate analytical studies examining the links between population, natural resource use and sustainable development in Africa.

In FY 1986, three studies will be supported looking at institutions and economic incentives which influence decisions to protect/manage natural resources. One study is examining government policies which directly or indirectly affect tropical deforestation. Such policies include stumpage fees, cattle grazing rights, logging permits, resettlement schemes, and support for processing industries. If policies can be identified which encourage better natural forest management,

then A.I.D. may be able to promote these as part of its ongoing policy dialogue effort. Similarly, A.I.D. is cooperating with the World Bank on a study examining the effect of alternative land tenure schemes on agricultural productivity, land markets and investments, and another study looking at the role of various public and private institutions in developing countries which influence the use or misuse of natural resources.

#### Population

In 1986 PPC initiated a small grants program to investigate population growth, renewable resources and environmental policies in Africa. (Also mentioned in section above).

As a consequence of policy shifts articulated by the Administrator and previous work by the National Academy of Science, we initiated a case study on the economic impact of the family planning program in Thailand.

We funded a reassessment of the measurement of demand for family planning services, with special emphasis on the needs and perceptions of users.

#### Health (including Financing), Nutrition and Child Survival

Studies on the effects of the shift from traditional food crops to cash crops were continued in the Philippines, Guatemala, Kenya and the Gambia. An additional case study was begun in Malawi. Results of these studies will be disseminated in FY 1987 and FY 1986. In FY 1986, two studies addressing growth monitoring were funded.

In FY 1986 a grant was given to the International Center for Research on Women to develop a conceptual framework and research methodology to help understand the determinants of the choices families make for their children and the ways in which positive choices can be encouraged and facilitated. This work will help us improve policy and program design in the area of child survival and development. Further field work under this project is planned for FY 1987 and FY 1988.

Work on health financing was begun through the S&T/HEA Resources for Children (REACH) project.

#### Human Resources

Through the anticipated program for FY 1986 was only partially implemented, this was due in large part to funding constraints and to the fact that important elements were included in other projects. Fallout funding was obtained in FY 1985 for Inter-Agency Research on Early Childhood and major elements of the education planning and allocation criteria initiative were

incorporated in the S&T/ED BRIDGES project for education research and in participant training evaluations undertaken by CDIE and S&T/IT. Nevertheless, the recommended concentration for policy research continues to be on: improving planning and allocation criteria; examining the relationships between education systems and other local systems; and improving understanding of assistance options for child development in the pre-school years. Initiatives in these areas will complement the more technical research by S&T and the management-oriented evaluations and studies by regional bureaus. PDPR will continue to work closely with the other Bureaus in developing and implementing this research.

#### Human Rights/Refugees

A.I.D. made progress in promoting the strengthening of democracies. In FY 1986 PPC supported efforts to train pollwatchers, to publish and distribute voter education materials and to provide official election observers for the recent Philippine election. The Eddie Mahe, Jr. and Associates grant to develop a program of cost-efficient and accessible technical election assistance was initiated in FY 1986. This project has provided useful information on election commodities and has developed a computerized technical election assistance data base for the Latin American/Caribbean region. In FY 1987 the program will be expanded to other regions.

PPC's previous refugee program support has included a study on the situation of women refugees, which was prepared for the 1985 Nairobi Women's Conference. The report was used as briefing material for the U.S. official delegation to the Nairobi Conference, since one of the Conference's main themes was "women refugees". A second report was completed in FY 1985 on long-term rural refugee settlements. The UNHCR received copies of the report, as well as A.I.D. missions in Burundi, Rwanda, Tanzania, Uganda, Zaire, Zambia, Djibouti, Somalia and the Sudan.

PART II

FY 1988 ANNUAL BUDGET SUBMISSION  
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

COUNTRY/OFFICE: PPC/PDPR

|                  | FY 1985<br>Actual | FY 1986<br>Estimate | --- FY 1987 ---<br>CP Estimate | FY 1988<br>AAPL | -----PLANNING PERIOD----- |             |             |             |             |
|------------------|-------------------|---------------------|--------------------------------|-----------------|---------------------------|-------------|-------------|-------------|-------------|
|                  |                   |                     |                                |                 | 1989                      | 1990        | 1991        | 1992        |             |
| <u>ARD&amp;N</u> |                   |                     |                                |                 |                           |             |             |             |             |
| Grants           | 597               | 710                 | 1175                           | 825             | 515                       | 600         | 600         | 700         | 725         |
| <u>POP</u>       |                   |                     |                                |                 |                           |             |             |             |             |
| Grants           | 151               | 490                 | 100                            | 475             | 300                       | 250         | 300         | 300         | 350         |
| <u>HEALTH</u>    |                   |                     |                                |                 |                           |             |             |             |             |
| Grants           | 70                | 475                 | 625                            | 325             | 375                       | 400         | 400         | 350         | 400         |
| <u>EDUC</u>      |                   |                     |                                |                 |                           |             |             |             |             |
| Grants           | 590               | 300                 | 300                            | 325             | 175                       | 300         | 300         | 350         | 325         |
| <u>SDA</u>       |                   |                     |                                |                 |                           |             |             |             |             |
| Grants           | 950               | 1725                | 1400                           | 1801            | 1450                      | 1450        | 1500        | 1600        | 1700        |
| <b>TOTAL</b>     | <b>2358</b>       | <b>3700</b>         | <b>3600</b>                    | <b>3751</b>     | <b>2815</b>               | <b>3000</b> | <b>3100</b> | <b>3300</b> | <b>3500</b> |

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FY 1988 ANNUAL BUDGET SUBMISSION

TABLE III PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

COUNTRY/OFFICE: PPC/PDPR

| APPROPRIATION ACCOUNT           |                        |     | FY 86    | FY 87    | FY 88 |
|---------------------------------|------------------------|-----|----------|----------|-------|
| PROJECT NO.                     | TITLE                  | L/G | ESTIMATE | ESTIMATE | AAPL  |
| ARD&N                           |                        |     |          |          |       |
| 930-0091                        | RURAL DEVELOP. RES.    | G   | 400      | 650      | 290   |
| 930-0096                        | NUTRITION              | G   | 310      | 175      | 225   |
| SUB-TOTAL                       |                        |     | 710      | 825      | 515   |
| POF                             |                        |     |          |          |       |
| 930-0068                        | FERTILITY DETERMINANTS | G   | 490      | 475      | 300   |
| SUB-TOTAL                       |                        |     | 490      | 475      | 300   |
| HEALTH                          |                        |     |          |          |       |
| 930-0082                        | VILLAGE HEALTH         | G   | 475      | 325      | 375   |
| SUB-TOTAL                       |                        |     | 475      | 325      | 375   |
| EDUCATION                       |                        |     |          |          |       |
| 930-0089                        | EDUC. POLICY IMPL.     | G   | 300      | 325      | 175   |
| SUB-TOTAL                       |                        |     | 300      | 325      | 175   |
| SELECTED DEVELOPMENT ACTIVITIES |                        |     |          |          |       |
| 930-0077                        | ENERGY                 | G   | 150      | 100      | 225   |
| 930-0086                        | HUMAN RIGHTS           | G   | 400      | 420      | 550   |
| 930-0090                        | SOC. & POL. ASPECTS    | G   | 55       | 50       | 50    |
| 930-0092                        | ECONOMIC RESEARCH      | G   | 1070     | 1231     | 625   |
| 930-0097                        | SOC. INST. PROFILES    | G   | 50       | 0        | 0     |
| SUB-TOTAL                       |                        |     | 1725     | 1801     | 1450  |
| TOTAL                           |                        |     | 3700     | 3751     | 2815  |

909 - POL DEV/PROGRAM REV  
 FY 1988 BUREAU BUDGET SUBMISSION TO PPC  
 TABLE IV - PROJECT BUDGET DATA  
 BUR. FOR PROGRAM AND POLICY COORDINATION

| PROJECT NUMBER AND TITLE              |                                 | ESTIMATED U.S. DOLLAR COST (\$000) |      |       |       |                 |         |                 |         |                                 |
|---------------------------------------|---------------------------------|------------------------------------|------|-------|-------|-----------------|---------|-----------------|---------|---------------------------------|
| G                                     | DATE                            | -TOTAL COST-                       |      | OBLIG | FY 85 | ----FY 1986---- |         | ----FY 1987---- |         | ---FY 88--                      |
| L                                     | INIT FIN                        | AUTH                               | PLAN | THRU  | PIPE- | OBLIG-          | EXPENS- | OBLIG-          | EXPENS- | PROPOSED-----SPECIAL CODES----- |
|                                       |                                 |                                    |      | FY 85 | LINE  | ATIONS          | ITURES  | ATION           | ITURES  |                                 |
| AGRICULTURE, RURAL DEV. AND NUTRITION |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
| 9300091                               | RURAL DEVELOPMENT RESEARCH      |                                    |      |       |       |                 |         |                 |         |                                 |
| G 80                                  | C                               | ---                                | ---  | 1539  | 262   | 400             | 330     | 650             | 500     | 290                             |
| 9300096                               | NUTRITION AND DEVELOPMENT       |                                    |      |       |       |                 |         |                 |         |                                 |
| G 80                                  | C                               | ---                                | ---  | 918   | 479   | 310             | 450     | 175             | 400     | 225                             |
| APPROPRIATION                         |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
|                                       | TOTAL                           | ---                                | ---  | 2457  | 741   | 710             | 780     | 825             | 900     | 515                             |
|                                       | GRANT                           | ---                                | ---  | 2457  | 741   | 710             | 780     | 825             | 900     | 515                             |
|                                       | LOAN                            | ---                                | ---  | ---   | ---   | ---             | ---     | ---             | ---     | ---                             |
| POPULATION PLANNING                   |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
| 9300067                               | FERTILITY IMPACT DEVELOPMENT    |                                    |      |       |       |                 |         |                 |         |                                 |
| G 78                                  | C                               | ---                                | ---  | 2070  | 85    | 490             | 400     | 475             | 350     | 300                             |
| APPROPRIATION                         |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
|                                       | TOTAL                           | ---                                | ---  | 2070  | 85    | 490             | 400     | 475             | 350     | 300                             |
|                                       | GRANT                           | ---                                | ---  | 2070  | 85    | 490             | 400     | 475             | 350     | 300                             |
|                                       | LOAN                            | ---                                | ---  | ---   | ---   | ---             | ---     | ---             | ---     | ---                             |
| HEALTH                                |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
| 9300082                               | VILLAGE HEALTH                  |                                    |      |       |       |                 |         |                 |         |                                 |
| G 79                                  | C                               | ---                                | ---  | 1111  | 80    | 475             | 300     | 325             | 400     | 375                             |
| APPPROPRIATION                        |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
|                                       | TOTAL                           | ---                                | ---  | 1111  | 80    | 475             | 300     | 325             | 400     | 375                             |
|                                       | GRANT                           | ---                                | ---  | 1111  | 80    | 475             | 300     | 325             | 400     | 375                             |
|                                       | LOAN                            | ---                                | ---  | ---   | ---   | ---             | ---     | ---             | ---     | ---                             |
| EDUCATION AND HUMAN RESOURCES         |                                 |                                    |      |       |       |                 |         |                 |         |                                 |
| 9300089                               | EDUCATION POLICY IMPLEMENTATION |                                    |      |       |       |                 |         |                 |         |                                 |
| G 82                                  | C                               | ---                                | ---  | 1165  | 731   | 300             | 500     | 325             | 200     | 175                             |

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ANNUAL PROGRAM IN FY 1987  
ANNUAL BUDGET SUBMISSION  
TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

| RANK | PROJECT  | TITLE  | NEW/<br>CONT | LOAN/<br>GRANT | APPR<br>ACCT | PROGRAM FUNDING<br>(\$000) |      |
|------|----------|--|--------------|----------------|--------------|----------------------------|------|
|      |          |  |              |                |              | INCR                       | CUM  |
| 1    | 930-0096 | Nutrition Policy Initiatives                 | C            | G              | ARDN         | 75                         | 75   |
|      | 930-0068 | Nutrition Policy Initiatives                 | C            | G              | HEA          | 75                         | 150  |
| 2    | 930-0092 | Privatization Policy Studies                 | C            | G              | SDA          | 115                        | 265  |
| 3    | 930-0092 | Financial Markets Policy Studies             | N            | G              | SDA          | 175                        | 440  |
| 4    | 930-0068 | Economic Development & Population Growth     | N            | G              | POP          | 200                        | 640  |
| 5    | 930-0089 | Education Finance & Administration Options   | N            | G              | EHR          | 125                        | 765  |
| 6    | 930-0092 | Socioeconomic Effects of Policy Reform       | C            | G              | SDA          | 125                        | 890  |
| 7    | 930-0077 | Incentives Natural Resource Management       | N            | G              | SDA          | 100                        | 990  |
| 8    | 930-0096 | Family Choices for Children                  | C            | G              | ARDN         | 50                         | 1040 |
|      | 930-0068 | Family Choices for Children                  | C            | G              | POP          | 50                         | 1090 |
|      | 930-0092 | Family Choices for Children                  | C            | G              | SDA          | 50                         | 1140 |
| 9    | 930-0091 | Policy Issues in Agriculture Land Market     | C            | G              | ARDN         | 100                        | 1240 |
| 10   | 930-0091 | Private Sector in Ag Research Extension      | N            | G              | ARDN         | 100                        | 1340 |
| 11   | 930-0092 | Privatization Communications                 | N            | N              | SDA          | 75                         | 1415 |
| 12   | 930-0089 | Education & Local Institution Development    | C            | N              | EHR          | 50                         | 1465 |
| 13   | 930-0082 | Policy Issues in Child Survival              | C            | G              | HEA          | 100                        | 1565 |
| 14   | 930-0068 | Private Sector Approaches to Family Planning | N            | G              | POP          | 100                        | 1665 |
| 15   | 930-0068 | Special Issues Population Policy             | N            | G              | POP          | 125                        | 1790 |
| 16   | 930-0086 | Bicentennial Conf.-- Amer Enterprise Ins     | N            | G              | SDA          | 50                         | 1840 |
| 17   | 930-0086 | Support for Legislatures-Small Grants        | C            | G              | SDA          | 40                         | 1880 |
| 18   | 930-0091 | Regenerative Agriculture Info Center         | C            | N              | ARDN         | 50                         | 1930 |
| 19   | 930-0092 | Reduction Subsidies & Political Stability    | N            | G              | SDA          | 75                         | 2005 |
| 20   | 930-0091 | Impact Economic Growth on Trade              | N            | G              | ARDN         | 100                        | 2105 |
| 21   | 930-0092 | Future Development Trends                    | N            | G              | SDA          | 100                        | 2205 |
| 22   | 930-0086 | Human Rights Conferences & Research          | C            | G              | SDA          | 50                         | 2255 |
| 23   | 930-0096 | Intrahousehold Allocations                   | C            | G              | ARDN         | 50                         | 2305 |
| 24   | 930-0086 | Public Diplomacy Philippines/Haiti/Korea     | N            | G              | SDA          | 100                        | 2405 |
| 25   | 930-0092 | Employment Policies                          | C            | G              | SDA          | 16                         | 2421 |
| 26   | 930-0086 | Election Technical Assistance                | C            | G              | SDA          | 160                        | 2581 |
| 27   | 930-0090 | Refugee Assistance                           | N            | G              | SDA          | 50                         | 2631 |
| 28   | 930-0086 | Human Rights Data Base                       | C            | G              | SDA          | 20                         | 2651 |

ANNUAL PROGRAM IN FY 1988  
 ANNUAL BUDGET SUBMISSION  
 TABLE V - PROPOSED PROGRAM RANKING

OFFICE: PPC/PDPR

| RANK | PROJECT  | TITLE  | NEW/<br>CONT | LOAN/<br>GRANT | APPR<br>ACCT | PROGRAM FUNDING<br>(\$000) |      |
|------|----------|--|--------------|----------------|--------------|----------------------------|------|
|      |          |  |              |                |              | INCR                       | CUM  |
| 1    | 930-0096 | Nutrition Policy Initiatives                 | C            | G              | ARDN         | 75                         | 75   |
|      | 930-0082 | Nutrition Policy Initiatives                 | C            | G              | HEA          | 75                         | 150  |
| 2    | 930-0092 | Privatization Policy Studies                 | C            | G              | SDA          | 290                        | 440  |
| 3    | 930-0092 | Financial Markets Policy Studies             | N            | G              | SDA          | 175                        | 615  |
| 4    | 930-0089 | Education Finance & Administration Options   | N            | G              | EHR          | 125                        | 740  |
| 5    | 930-0092 | Socioeconomic Effects of Policy Reform       | N            | G              | SDA          | 100                        | 840  |
|      | 930-0082 | Socioeconomic Effects of Policy Reform       | N            | G              | HEA          | 100                        | 940  |
| 6    | 930-0068 | Economic Development & Population Growth     | N            | G              | POP          | 100                        | 1040 |
| 7    | 930-0092 | Reduction Subsidies & Political Stability    | N            | G              | SDA          | 50                         | 1090 |
| 8    | 930-0082 | Policy Issues in Child Survival              | C            | G              | HEA          | 50                         | 1140 |
| 9    | 930-0068 | Private Sector Approaches to Family Planning | N            | G              | POP          | 100                        | 1240 |
| 10   | 930-0077 | Incentives Natural Resources Management      | N            | G              | SDA          | 150                        | 1390 |
| 11   | 930-0089 | Family Choices for Children                  | C            | G              | EHR          | 50                         | 1440 |
| 12   | 930-0068 | Special Issues Population Policy             | N            | G              | POP          | 100                        | 1540 |
| 13   | 930-0086 | Human Rights Conferences & Research          | N            | G              | SDA          | 200                        | 1740 |
| 14   | 930-0091 | Self-Targeting Food Aid                      | N            | G              | ARDN         | 140                        | 1880 |
| 15   | 930-0091 | Dryland vs Irrigated Agriculture             | N            | G              | ARDN         | 150                        | 2030 |
| 16   | 930-0086 | Election Assistance General                  | N            | G              | SDA          | 250                        | 2280 |
| 17   | 930-0096 | Intrahousehold Allocations                   | C            | G              | ARDN         | 50                         | 2330 |
| 18   | 930-0096 | Improving Household Food Security            | N            | G              | ARDN         | 100                        | 2430 |
| 19   | 930-0086 | Support for Legislatures-Small Grants        | C            | G              | SDA          | 100                        | 2530 |
| 20   | 930-0082 | Health Demand and Financing                  | C            | G              | HEA          | 150                        | 2680 |
| 21   | 930-0092 | Future Development Trends                    | N            | G              | SDA          | 60                         | 2740 |
| 22   | 930-0077 | Policy Studies on Energy                     | N            | G              | SDA          | 25                         | 2765 |
| 23   | 930-0090 | Refugee Assistance                           | N            | G              | SDA          | 50                         | 2815 |

PART III

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FY 1988 New Project Narratives

|      |                                   |    |
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| HEA  | Health Demand and Financing       | 50 |
| SDA  | Policy Studies on Energy          | 52 |

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Ongoing Project Narrative

Title: Policy Issues in Agricultural Land Market Development

Project Number: 930-0091

Appropriation Account: 103 (ARDN)

Funding: FY 1987: \$100,000

Purpose: The purpose of this activity is to identify policy constraints in theory and practice to the development or enhancement of effective land markets in LDCs.

Background: Improvement in the functioning of agricultural land markets in LDCs has been advocated as the preferred means by which economic efficiency and, in turn, agricultural productivity can be increased. It is also theorized that perfection of these markets will improve access to agricultural land by all strata in society, including the landless. However, very little is known about agricultural land markets in LDCs. Even less is known about appropriate interventions by host governments to stimulate or broaden participation in these markets, or about the appropriate role of donor assistance in support of these interventions.

Research to collect data on land markets in Africa and to analyze the findings for the policy implications will be carried out under the project. The fieldwork phase of the research will take place in calendar year 1987, with analysis taking place in the first half of CY 1988. Funding for the project has begun in FY 1986 and will continue during FY 1987.

Project Description: The project will undertake at least three case studies involving original fieldwork. It will then analyze the case study findings into a report on land tenure security and markets with policy recommendations for improving the economically efficient utilization of land in Sub-Saharan Africa.

On-going Project Narrative

Project Number: 930-0091

Title: Regenerative Agriculture Information Center

Appropriation Account: Section 103 (ARDN)

Funding: FY-87 \$50,000

Purpose: To support the establishment of a regenerative agriculture information center for an African agro-ecological zone.

Background: In FY-85, the Agency, under PPC's leadership, began to examine the role that regenerative or resource efficient farming systems can play in maximizing agricultural production and income while reducing costs and reliance on external inputs. An FY-85 PPC/AFR-funded Workshop on Regenerative Agriculture was held in December, 1985, and an FY-86 PPC grant will fund production of a publication of case studies of "success stories" in regenerative agriculture.

Regenerative agriculture is essentially an approach to and set of principles for farming systems rather than a set of specific, universally applicable technology packages. Regenerative agriculture principles are applicable to irrigated or rainfed agriculture and to different agro-ecological zones. Based on such principles, increased understanding of biological structuring and interactions among plants, animals, microbes and natural resources can be translated into farming practices that enhance and sustain soil fertility and conservation and control pests, while exploiting the genetic potentials of crops and animals.

Project Description: Rodale Institute has proposed that a regenerative agriculture information system be developed to enhance existing African agricultural and rural development information services in an African country(ies) for an African ecological zone (such as described in the Africa Bureau's Plan for Agriculture Research and Faculties of Agriculture). Principal funding would come from Rodale Institute and other sources to be identified by it. Budget estimates are not yet available but it is likely that \$500,000 or more will be needed to establish operations on a small scale. AID may be asked for a contribution of up to \$100,000.

Priority in designing and establishing the information system would be given to developing it and its relationships with and through existing African institutions in recognition of the importance of local decision-making and initiative to effective and sustainable institutions and programs. The center's objective would be to collect, screen, package and disseminate success stories and relevant information within the country(ies) on regenerative agriculture field practices and research findings for the particular agro-ecological zone. Information would be

submitted by and solicited from individuals and pertinent organizations and institutions (private and public) of all kinds. African information specialists would be trained to staff the operation by Rodale Institute. The conceptual outline for the information system/center, Rodale Press, Inc.'s highly successful reader-interactive information gathering and dissemination operations of this sort in North America, shows that such information identification and exchange based on farmer's own experiences as well as research is an effective and efficient extension mechanism.

Relation To Development and/or Articulation Of Policy:

Experiences gained from the operation of the information center will provide valuable insights into developing Agency policy on improving agricultural extension (and, to some extent, research) systems.

Relationship To Agency Needs: Improving agricultural research and extension linkages, and agricultural extension outreach and effectiveness is a stated priority policy objective of the Agency.

New Project Narrative

Project Number: 900-0091

Title: Impact of a Country's Economic Growth on Trade with the United States

Appropriation Account: 103 (ARDN)

Funding: FY 1987 \$100,000

Purpose: The purpose of this research is to clarify the impact of foreign assistance on U.S. exports and on the creation of competition in the developing countries with respect to the U.S. agricultural sector. Specifically, the analysis will explore relationships between economic growth and trade in the developing countries.

Background: Several domestic agricultural related interest groups have attempted to link foreign assistance, specifically assistance to the agricultural sectors of the developing countries, with the present negative economic situation of U.S. domestic agriculture. These interest groups have been vocal enough to impact directly on budgetary levels for AID programs in agriculture. More substantive research is required to provide the data and information necessary to indicate whether or not the relationship of foreign assistance to U.S. agricultural exports is a positive relationship.

Many other questions about foreign economic growth in the developing world and expansion of agricultural trade remain to be answered. The proposed research would provide useful information for gaining insight into a few of these questions:

1. What are the forces which are changing the locus of comparative advantage in agriculture between and among the LDC's and developed countries?
2. What is the impact on agricultural trade of the growth in demand for agricultural products and the expansion in the productive supply capacity of the agricultural sectors in LDC's?
3. In which regions of the developing world are there likely to emerge new markets and sources of competition for U.S. agricultural exports because of favorable development prospects?

The proposed study would help to provide a disciplined body of knowledge that could support realistic policy decisions concerning the interrelationship between trade and development. The results could be utilized to provide a better justification and support for the development assistance program to policy makers within and without the Government and to Congress.

Project Description: The research will result in an analysis of the relation between development and trade, including the linkage between increased productivity in the agricultural sector and the potential for commercial trade. The analysis also will include an explanation of the actual and potential impacts of foreign assistance on the structure of the U.S. domestic agricultural sector.

Relation to Development and/or Articulation of Policy: In most developing countries receiving U.S. assistance today, a large proportion of national product and employment is in agriculture and domestic food production which is insufficient to meet internal demand for food. The economic development of the country may therefore, be driven by growth in the agricultural sector. Whether or not the resulting increase in economic viability in a developing country leads to an increased potential to be a commercial trading partner with the United States may influence the direction of AID policy on agricultural development.

Relationship to Agency Needs: This research covers a matter of immediate concern to the Agency regarding budget support for agricultural development programs.

New Project Narrative

Project Number 930-0091

Title: Role of the Private Sector in Agriculture Research and Extension

Appropriation Account: 103 (ARDN)

Funding: FY 1987 \$100,000

Purpose: The purpose of this project is to explore the major barriers to the private sector in making appropriate technology available to farmers. The seed industry will be used to illustrate how the private sector might be encouraged to overcome these barriers. The barriers that will be explored are as follows: import barriers such as tariffs, insufficient or inefficient public sector investment in research and technology transfer, policies that impact on private investment and research. From this exploration, lessons can be drawn on what is needed to make efficient use of private sector resources in agricultural research and technology transfer.

Project Description: The output of this project will be a study describing the role of the private sector in developing and transferring agricultural technology with an emphasis on the seed industry. The study will assess the impact of government policies on private sector involvement in agricultural research and technology transfer with a focus on the seed industry. Specifically, policies that deal with imports of technology support of research in the public sector, and encouraging private investment in research and technology transfer will be studied. The seed industry offers an opportunity to study these issues in depth building on previous work accomplished in the Minnesota Project. The seed industry is varied enough internationally that a framework can be developed for policy analysis of more complex industries such as agricultural chemicals, agricultural machinery and equipment, and veterinary pharmaceuticals. The seed industry also illustrates the positive and negative interactions of alternative public and private institutional relationships allowing possibly for improved project design. From this study, insights will be gained on the interaction of public and private sector research and the policy environment that is required to encourage the application of private sector resources to agricultural research and technology transfer. In addition to a paper, the output of the project may include a conference on the role of the private sector in agricultural research and technology transfer, if at the end of the study it is deemed useful.

Relation to Development and/or Articulation of Policy: The study will contribute to our understanding of the involvement of the private sector in solving agricultural development problems and how specifically the private sector conducts research and how this information becomes a public good. It also will show how it can be done more efficiently. The study will contribute to our ability to articulate policy in the area of technology transfer.

Relationship to Agency Needs: The study will highlight the policy environment necessary for the encouragement of private sector investment and research in technology transfer. These insights will contribute to our ability to conduct an effective policy dialogue.

On-going Project Narrative

Project Number: 930-0096

Title: Intrahousehold Allocations

Appropriation Account: 103 (ARDN)

Funding: FY 1987 \$50,000 FY 1988 \$50,000

Purpose: To field test methods for measuring changes in intrahousehold allocation behaviors that result from development projects and their impact on the household unit.

Background: The studies already funded in this project (Jones, Eagle, Population Council, Franklin) have shown that it is essential to include analysis of the intrahousehold allocation of resources into project design to reach project goals for participation and impact.

Rogers' work, also funded in this project, has synthesized the state-of-the-art into an annotated bibliography, a series of discussion papers to be published as a monograph), and a manual for project designers.

The phase to be initiated in FY 87 and FY 88 is the implementation phase--to validate and improve the manual and produce policy guidance.

Project Description: In FY 87 and 88 the project will undertake two separate but related activities: placement of family resource allocation experts on project teams and a more scientific field study to validate methods. Approximately ten experts will be provided to project design teams for projects in a representative sample of countries and a variety of sectors. Projects will be selected based on probability of impact on project outcomes and mission support. The experience of these experts will be analyzed to determine what guidance or training is needed to encourage missions to adopt this kind of analysis.

A prospective research effort will be undertaken in conjunction with a field project, to validate the methods used in project design. It is hoped that this case study can be undertaken in Africa. The case study will examine time allocation, income streams, resource availability, consumption, and decision-making in the household. Outcomes of interest include determinants of participation in the AID project, adoption of technology, benefits and benefit dispersal within family and community.

Relation to Policy Development/Articulation: Policy guidance will be developed to improve the design of A.I.D. projects to improve the targeting of programs to improve participation levels, and to improve the impact of project assistance.

Relationship to Agency Needs: The A.I.D. Blueprint for Development sets out goals for improved economic growth reflected in increased income to low income people. Other goals include reduction in malnutrition, disease and early death, illiteracy and unmanageable population pressures. Meeting these goals will require increased acceptance of and participation in development projects and programs at the household level and within families.

On-going Project Narrative

Project No.: 930-0096 and 930-0082

Appropriation Account: 103 (ARDN), 108 (HEA)

Funding: FY 1987 \$150,000, FY 1988 \$150,000

Title: Nutrition Policy Initiatives

Purpose: To enhance the technical analysis of PPC in nutrition.

Background: The Bureau for Program and Policy Coordination has a leadership role in the development of nutrition, consumption and food security policies, and in the direction and improvement of AID's programs of activities in these areas. Currently, PPC's nutrition policy and program interests are focused on institutional and programmatic issues and concerns. These are: the appropriateness of LDC policies and programs as, e.g., self-reliance in food production; food importation policies (including PL-480 Title II); food marketing and storage; community and household food security; nutrition planning; child survival; parental investments in child welfare; nutrition interventions; and the nutritional impact of agricultural programs, and projects.

This project provides advisory technical and policy analysis services to the Office of Policy Development and Program Review, Bureau for Program and Policy Coordination, on the development, administration, and evaluation of nutrition, nutrition-related, and consumption policies, programs, and issues. Nutrition programs include those directly managed by PPC/PDPR and those managed by other AID central and regional bureaus (viz., S&T, FVA, AFR, ASIA, LAC, NE). The Contractor will recommend plans and management actions for completing, continuing, and/or expanding, as appropriate, PPC/PDPR's specialized program of nutrition policy development, review and research designed to answer policy-oriented questions involving relationships between nutrition, agricultural change and economic development.

Project Description: This project has been funded for two years, FY 1985 and 1986. This portion will extend the project another two years. Through this project, various technical services will be provided the PPC/PDPR/IPD as needed in the following areas.

Reviewing technical research findings and providing guidance on research needs

Assessment of the implementation of the 1982 Nutrition Policy and recommending changes.

Issues papers on specific topics in food, nutrition, and child survival

Organizing workshops and information systems related to PPC/PDPR nutrition research

Technical services to a limited number of case study countries concerned with implementing the Agency Nutrition Policy.

Relation to Policy Development/Articulation: PPC needs the capability to analyze the implementation of the Agency's policy/strategy on nutrition which is one the the four main interventions in the Child Survival Strategy and to provide further guidance in this area.

Relationship to Agency Needs: Nutrition has been a difficult area to establish within AID programs. As an important component of the Child Survival Strategy, it is critical that we provide guidance and assistance centrally and to missions in this area.

Ongoing Project Narrative

Project No.: 930-0089

Title: Education and Local Institution Development

Appropriation Account: 105 (EHR)

Funding: FY 1987 \$50,000

Purpose: To examine the impact of local schools and other educational institutions on the development of other local political, financial and administrative organizations and institutions.

Background: Most research on relationships between education and development has concentrated on education outputs, i.e. on the impacts of levels of education attainment on individual or organizational behaviors. There is comparatively little research on the role of schools per se, and the institutional arrangements necessary to initiate and maintain them.

It is clear that education expansion is difficult where local political, financial and administrative institutions are weak or nonexistent and where aspects of infrastructure are lacking. Less clear is the degree to which the existence of a school and/or the social demand for schooling is a causal, catalytic factor (i.e. an input) in the processes leading to establishment or strengthening of other local institutions.

Project Description: A review of the available literature and field evidence, leading to an invitational colloquium/workshop to seek consensus on priority research hypotheses and topics. Proposals for 3-5 commissioned papers will be invited in open competition. The resulting papers will then be discussed at a second conference. A review of the administrative feasibility of local school financing options was initiated under this project in FY 1986 through a cooperative agreement with Syracuse University.

Relationship to Articulation of Policy: The research should provide a better understanding of the relationship between education and local institutional development as two separate, but linked objectives. It should allow formulation of policy regarding the importance of attention to local institutions in order to sustain educational initiatives. Conversely, it should indicate the impact of education on local organizational development, and to assess therefore the importance of education as an integrating mechanism in achieving a local-level dynamism for development.

New Project Narrative

Project No. 930-0089

Title: Education Finance and Administration Options

Appropriate Account: 105 (EHR)

Funding: FY 1987 \$125,000 FY 1988 \$125,000

Purpose: To facilitate state-of-the-art reviews of field experience and available research evidence on the most cost-effective ways of providing education and training and the administrative feasibility of implementing optional approaches.

Background: Given the resource constraints, AID is encouraging countries to explore alternative financing and administrative arrangements, particularly options to decentralize and localize school systems and to shift more of the costs of specialized training to private sources. However, there are many unanswered questions of how these alternatives will work in practice, both in terms of the consequences for the amounts and types of education which can be accomplished and in terms of the consequences for other aspects of public finance and administration. Answers, based as much as possible on practical experience, must be found quickly.

For each education or training objective there are competing models or approaches extant or advocated as theoretically possible. In the absence of sound comparative research on the relative costs and cost-effectiveness and on administrative feasibility, education policy and strategy tends to be subject to competing fads and narrowly focused advocacy.

Examples can be cited in each sector and at each level of education and training, such as:

-- We know very little about the likely enrollment effects of imposing significant tuition fees, whether at the primary level where indirect private costs are already high (even though the education is nominally free) or at the university level where training is heavily subsidized.

-- There are continuing debates about which strategies are cost-effective (large schools versus small schools; early vocational choice versus deferred specialization) and where resources are used most effectively at the margin (augment texts and materials, add teachers, upgrade teachers, improve administrative and management systems).

-- There is little agreement on what aspects of the U.S. Land-grant university model make it cost-effective, what the planning parameters for such a model should be (what size, staffing ratios, diversity of course offerings), or how it should be financed.

-- Similarly, there is little agreement on the mechanisms through which employers can be involved or the types of training which most easily facilitate employer involvement.

-- There is a need to examine financing alternatives for external training, including options for expanding reimbursable training and of providing partial rather than full fellowships.

Project Description: Resources (time as well as finance) will not allow extended research and experimentation. Further, it is not possible to anticipate fully all of the issues which may arise in the course of project design, program review or development of new policy and strategy guidance. What is needed is a mechanism for accessing existing research and field experience expeditiously as specific issues arise. The proposed mechanism is a cooperative agreement with an institution or consortium, through which expertise on a range of topical issues and concerns can be accessed quickly in the form of advisory reports, technical papers or seminars.

A scope of work for a cooperative agreement will be developed and issued as an RFP for open competition during the first quarter of FY 1987. The cooperating institution or consortium will be selected on the basis of demonstrated ability to access expertise in relevant disciplines.

A committee will be established representing S&T, the regional bureaus and PPC. The committee will form the selection panel and will identify a priority set of education finance and administrative issues of significant policy concern, developing a short statement defining each issue and its relevance to AID programs. The cooperating institution(s) will be invited to respond to this set of issues, as well as other issues they may propose, with specific workplan proposals suggesting how the issue could be addressed. On the basis of this response, the committee will then negotiate a workplan to be carried out over the remainder of the fiscal year.

Typical workplans would allocate \$10-30,000 per issue, with the work to be completed in not more than 9 months. Funding will be included for an annual colloquium in AID/W at which results of these and other relevant recent work can be presented.

Relationship to Articulation of Policy: Enables office to respond quickly and on the basis of expert opinion to policy-relevant issues as they arise. One or more reviews of Agency education and human resources development strategy are expected over the next fiscal year.

Relationship to Agency Needs: Resource constraints are forcing countries as well as AID to examine more closely alternative financing and administrative options.

On-going Project Narrative

Project Number: 930-0082

Title: Policy Issues in Child Survival

Appropriation Account: Section 108 (HEA)

Funding: FY 1987 \$100,000 FY 1988 \$50,000

Purpose: To carry out research, studies or analyses necessary to address policy issues in child survival which are important to the effective institutionalization of our child survival programs and to the achievement of international goals in child survival

Background: A.I.D. has launched a substantial child survival effort through bilateral programs and also in collaboration with other donors who are active in this area. A.I.D. has made a commitment to contribute to international goals for immunization and oral rehydration therapy. A.I.D. policy states that these should be the initial interventions that will form the basis of more comprehensive primary care systems. A focused nutrition package which includes growth monitoring and birth spacing are the two other interventions which are included in the Agency's child survival strategy. We do not know how the transition from the selective interventions approach to a broader institutionalized service will work nor how, for example, growth monitoring or birth spacing and the other interventions will be linked as a package and sustained. Institutionalization of these efforts is critical to achievement of goals in the short term and also to ensuring that the gains that are made in child survival prospects are maintained.

In FY 1986 under this project we funded a contextual analysis of various growth monitoring projects to determine what factors are important in enhancing the potential of growth monitoring to lead to nutritional improvements.

Project Description: The project will support studies and/or analyses aimed at policy questions about the institutionalization of child survival. The following is a probable list of some issues:

- public vs. private sector roles in continued provision of ORT and immunization;
- factors in the continued demand curve for immunization;
- linkages between the provision of ORT and immunizations through special efforts and the national health system;

-the relative and combined contributions of ORT, immunizations, nutrition and birth spacing to reductions in child mortality.

-Relation to Development/Articulation of Policy: The Agency now has a new Health Policy putting primary emphasis on child survival and a Child Survival Strategy detailing how selected interventions will be supported. The strategy also includes an important emphasis on institutionalizing the services in host countries. This research will contribute directly to the refinement of our policy on institutionalization.

Relationship to Agency Objectives: A.I.D. has played a central role in getting the need for sustainable child survival efforts accepted internationally. The result of these studies will give the Agency guidance for self-sustaining child survival efforts.

New Project Narrative

Project Number 930-0068

Title Private Sector Approaches to Family Planning

Appropriation Account 104 Population

Funding FY 1987 \$100,000 FY 1988 \$100,000

Purpose To analyze policy issues arising from private sector family planning programs and provide guidance to the Agency relating to use of the for-profit private sector and private sector techniques in distribution of family planning services.

Background The Agency has increasingly emphasized the use of the private sector in its development programs. In population this emphasis has led to two encouraging and successful approaches: 1) Social marketing -- the use of private sector marketing techniques and private retail networks for product distribution, and 2) Encouragement of the for-profit private sector in distribution of family planning services.

PPC needs to anticipate policy issues arising from these projects and provide guidance as these approaches become a greater part of our program.

A number of issues need to be examined now:

1. Social marketing projects are highly subsidized. What are the Agency plans for divestiture? When and how should these programs be encouraged to recover more of their costs?
2. How do we assure that products sold over the counter are accompanied by information on choice and safety?
3. What is the appropriate division of labor between private sector and subsidized services? How can both be encouraged? What guidance can we give missions about relative allocation of resources?
4. While A.I.D. encourages freedom of choice in family planning methods, private industry in the U.S. has been reluctant to invest in product development and marketing because of product liability. How does this issue affect choices A.I.D. will be able to provide overseas, and what can we do about it?

Project Description This project will commission a study to look into these issues. The study will be carried out by a team of experts in social marketing, financial planning, institutionalization, and product liability. The team will review the Agency's current and planned portfolio, examine case study material and provide recommendations to PPC on the topics outlined above.

Relation to Development of Policy The report is expected to provide policy guidance in a new area of program development where policy issues will arise in the next years. Analysis conducted now will facilitate our ability to respond to these issues.

Relationship to Agency Needs This project will be conducted with the cooperation of missions and will provide them with guidance to assist in project design and overall resource allocation.

New Project Narrative

Project Number 930-0068

Title Special Issues in Population Policy

Appropriation Account 104 (Pop)

Funding FY 1987 \$125,000 FY 1988 \$100,000

Purpose To provide high quality analysis of population policy issues on a timely basis, to encourage informed decision making on issues with broad population implications.

Background In the last few years the A.I.D. population program has experienced a series of crises with highly charged population policy issues. Examples are: natural family planning referral policy; targets for sterilization acceptors; reimbursements and incentives; information, education and communications (IE&C) materials. PPC needs a flexible mechanism for anticipating these issues and preparing high quality analysis quickly.

Project Description

This project will provide a series of specific short term consultancies, employing specialists to provide analysis and guidance to PPC on a quick response basis. Examples of these analyses are:

- An analysis of alternatives to "targets" for worker motivation in Bangladesh
- Guidance to ensure informed choice where sterilization is a leading method of family planning
- Analysis for IE&C materials
- Analysis of the referral system as it is practiced in a particular country.

A topic of special concern is informed choice in family planning programs. Under this project research will be done on field programs which are providing a variety of family planning services to meet the needs of local clients. A.I.D. population policy has placed increasing emphasis on meeting the needs of individuals and families, on voluntarism and informed choice. The program implications of this policy shift must be seen in programs which are more sensitive to user needs and choices. Analysis of successful implementation of this policy will assist other programs to learn how it can be done.

The specialists will be employed on a short time frame to provide background information, analysis and policy implications. The reports will be used as background for briefing memoranda for the Administrator.

#### Relation to development and articulation of policy

In the past, each of these decisions (for example, the referral policy, the UNFPA) has led to a change in population policy. It is important that these decisions be made with full understanding of the implications for the program. This project provides a mechanism to achieve that objective.

#### Relationship to Agency Needs

These special issue studies will ensure that decisions which are made in a crisis atmosphere are made with care and will ensure the thoughtful articulation of Agency policy.

New Project Narrative

Project Number 930-0068

Title Economic Development and Population Growth

Appropriation Account 104 Population

Funding FY 1987 \$200,000 FY 1988 \$100,000

Purpose Through a series of studies and workshops, provide clarification of the relationship between high rates of population growth and economic development. This project will contribute to a greater understanding of the economic rationale for our population assistance and provide guidance for appropriate interventions to achieve economic development.

Background In the 1960s and 70s there was a strong consensus within the Agency and among supporters of population activities in Congress that high rates of population growth inhibit economic growth and erode the world's natural resources.

In the last few years this consensus has been challenged by theorists, scholars and population policy analysts.

A major review of existing evidence was produced this year by the NAS. This study failed to confirm some long held assumptions, particularly with respect the the effect of population growth on non-renewable resources. At the same time it highlighted areas where population growth rates may be most detrimental: in education, health and income distribution. The study shifted the framework of analysis, emphasizing the complicated nature of these relationships. It underlined the importance of other social mechanisms which interact with population growth . A key factor is the presence of market mechanisms which can translate population pressure into economic growth and development.

While pointing to important topics for analysis, the NAS report did not provide satisfactory answers to many questions, especially with respect to developing countries in which A.I.D. is working. A.I.D. has traditionally invested little in studies of the relationship of population growth to economic development . Yet, this relationship has been critical in the rationale for our program.

Project Description This project would provide funds for a series of studies and workshops aimed at advancing our understanding in the area of economic development and population growth in developing countries.

The organization selected for this award will be responsible for subcontracting a series of studies pertinent to the overall topic. The organization will conduct workshops and seminars to promote collaboration and exchange among researchers and policy makers.

Topics of particular emphasis are:

-- The impact of fertility reduction on the economic welfare of the family

--Impact of successful family planning programs on the economies of developing countries

--Role of market mechanisms in responding to population pressures in developing countries.

--Relationships between population growth and environment in Africa.

Relation to development of policy These studies are expected to have important implications for Agency population policy, affecting overall priorities and levels of commitment to population activities.

Relationship to Agency needs This project concerns overall U.S assistance policies in the area of population, which are political sensitive. These policies are not a major concern of S&T or the regional bureaus. The lack of involvement by other bureaus constitutes the primary justification for PPC involvement.

On-going Project Narrative

Project Number: Multiple

Title: Family Choices for Children

Appropriation Account: Multiple

Funding: FY 86 \$72,000; FY 1987 \$225,000

Purpose: to examine the factors contributing to families' decisions to take action to improve the quality of life of their children. These actions include making use of newly available services for child survival, particularly immunization, oral rehydration therapy (ORT), child spacing and improve nutritional practices and also options for child care and early childhood development.

Background: A.I.D. and other donors are putting high priority on child survival, specifically the provision of selected technological interventions. A.I.D.'s goal is a significant impact upon the survival and health of children in developing countries. We know that the effectiveness of these efforts depends upon the choices families, particularly women, make for their children. Such choices depend not only on the availability of services, but also on the aspirations that families have for their children and what they believe is within their capability to do for their children in order to achieve these goals.

Little research has been done regarding how and in what context families, and individuals within families, make decisions concerning the allocation of resources (both time and money) necessary to take advantage of new services. A.I.D. has funded some research on "positive deviance," to examine means by which low income households avoid malnutrition with their existing resources and practices. The study of "family choices", which implies selection and acceptance of new ideas, approaches, and technologies for child survival, has not been systematically studied. Considerable resources and human effort have been invested in the development of technologies for improving the survival and prospects of children and for delivering these technologies. However, there is inadequate understanding of the perceptions families have of what they can do for their children and how to achieve their goals.

Project Description: In FY 1986 PDPR funded phase I of this project which is the development of a conceptual framework and research methodology for examining these questions in relation to field programs through an unsolicited proposal from the International Center for Research on Women (ICRW). Phases II and III are: II. data collection in several field sites to

test the hypotheses developed in the first phase, and III. refinement of the model and identification of research, policy and program implications. Due to the exploratory nature of the work and at the same time its potentially important implications for policy and programming, we decided to support only phase I in FY 1986. Support for Phases II and III will be based on the results of Phase I.

Relation to Policy Development/Articulation: The Agency has a new health policy and a child survival strategy and has also committed a contribution to the achievement of international goals for child survival. We do not have adequate information about the demand, acceptability and continued use of the new child survival technologies to provide further policy guidance on the implementation of our child survival programs.

Relationship to Agency Needs: A.I.D. needs to be sure that the child survival goals to which we are committed can be achieved and that these gains are sustained.

New Project Narrative

Project Number: 930-0077

Title: Incentives for Natural Resource Management

Appropriation (Funding) Account: 106 (SDA)

Funding: FY 1987 \$100,000, FY 1988 \$150,000

Purpose: The purpose of the project is to collect information from the current generation of projects, funded by A.I.D., other donors, and host countries, about the policy framework underlying the success or failure of initiatives in natural resource management.

Background: Recently, specialists in the field of natural resource management and the environment have begun to emphasize the importance of understanding the relationship between economic incentives and resource management decisions. For example in 1984, a paper entitled "Fuelwood, Agro-Forestry, and Natural Resource Management: The Development Significance of Land Tenure and Other Resource Management/Utilization Systems" was prepared for PPC/PDPR. The paper made two major points: 1) that natural resources should be considered aspects of larger systems that include human relationships and institutions; and 2) that there is an array of incentives and disincentives to manage and utilize the resource base in a sustainable manner, which include these relationships and institutions. This paper, based on a literature review, presented eighteen hypotheses for field validation.

Project Description: The project will explore the relationship between economic incentives and environmentally beneficial (or, at least benign) behavior in two ways: 1) co-sponsoring a policy research program with the World Bank on environmental management incentives; and, 2) testing a set of the hypotheses developed by the earlier PPC paper at selected study sites.

Both efforts will emphasize the policy and regulatory environment necessary for successful interventions. The program of joint studies with the World Bank will look at what economic incentives are possible and justifiable with innovative approaches to project design and appraisal. The case studies will look at selected on-going natural resource management initiatives in developing countries, whether donor-funded or not, and will examine the role of incentives in both successful and problem projects. The case studies will compare the effectiveness of different institutions and institutional arrangements at "delivering" incentives to project target individuals and entities.

Outputs will include a detailed plan of study to ensure that all variables are addressed in the program of joint study. There will be one report for each case study and a summary report drawing generalizations and guidance for future efforts. We intend to use a competitive contract for the case studies portion of this work.

Relation to Articulation of Policy: It is becoming increasingly clear that technical interventions alone are inadequate to ensure that individuals will plant more trees, manage the range, maintain irrigation schemes, engage in soil conservation activities and undertake other actions to use resources in a sustainable manner. There are also signs that host country governments in developing countries are aware of this problem and have altered the rules of the game in various ways to improve the chances of project success. These alterations are recent, and not well documented in the literature. Documenting such changes and drawing generalized guidelines for other developing countries that may wish to provide similar incentives to their citizens will further A.I.D.'s ability to conduct policy dialogue on a range of issues including environment, private enterprise, rural development and decentralization.

Relationship to Agency Needs: Each regional bureau, and the Science and Technology Bureau, have made significant investments in natural resource management projects that are heavily reliant on technical solutions. Very few of the projects treat the problem of environmental degradation from a systems perspective. Even fewer attempt to bring about policy reform (e.g., in land tenure, tree tenure, taxation, and marketing) with their interventions. The case studies and summary document will provide some examples that regional bureaus and missions can adapt as they begin to design the second generation of natural resource management projects.

On-going/New Project Narrative

Project No.: 930-0086

Title: Human Rights and Democracy Initiatives

Appropriation Account: 106 (SDA)

Funding: FY 1987: \$420,000 FY 1988: \$550,000

(NOTE: Separate activities and funding listed below)

Purpose: To encourage programs which strengthen democratic institutions and respect for individual civil and political rights, as set forth in the Universal Declaration of Human Rights, in developing countries.

Background: Section 116(e) of the Foreign Assistance Act authorizes A.I.D. to spend not less than \$3 million for programs and activities which will encourage increased adherence to civil and political rights. Since the inception of Section 116(e) in 1977, A.I.D. has rigorously adhered to the Congress' intent, treating the \$3 million appropriation as a floor, and not as a ceiling.

After careful review of existing guidelines and inter-bureau discussions on FY'87 priorities, specific activities will be developed to promote: research and discussion on civil and political rights; public awareness of the principles of civil and political rights; strengthening of legal systems; free and democratic electoral systems and institutions; development of indigenous, NGO human rights organizations; and increased access of women and ethnic groups to the judicial system and political processes.

The A.I.D. Human Rights Coordinator coordinates A.I.D.'s worldwide Human Rights Program, assuring the Agency meets its minimum target. The \$420,000 allotted to PPC will fund a program of research, conferences, studies and technical assistance in support of human rights and democratic initiatives, in addition to supporting activities of the regional bureaus and missions.

Project Description:

(1) Program of Election Technical Assistance (Eddie Mahe, Jr. and Associates)--FY 1987: \$160,000

PPC has supported Phases I and II of a program of election assistance designed to strengthen democracy around the world by improving the election process. The project will establish a permanent entity to provide election assistance through a trained group of election specialists and through ready access to comprehensive, computerized election data in response to requests from A.I.D., international private organizations and other nations. Phase I covered the research and planning for the project; Phase II will establish the permanent organization and complete the Latin American/Caribbean data base. A.I.D. proposes to support Phase III activities in FY 1987 which will involve the recruitment and training of election specialists and will complete the regionalization of the election assistance data base.

(2) Public Diplomacy Project - Philippines/Haiti--FY 1987: \$100,000

Since 1982, following President Reagan's historic address before the British Parliament, A.I.D. has been on the "front-line" of institutionalizing the "Reagan Doctrine". One of the key elements of this institutionalization have been various programs of public diplomacy. Over the course of the past several years, the Administration has approached and worked with A.I.D. numerous times, recommending certain democratic initiatives and their implementation. Nations most frequently discussed include the Philippines, Haiti, Afghanistan, and the entire Central American region.

A.I.D. agrees with the Administration on the importance of strengthening democracy abroad, and has initiated a number of programs and projects. In the Philippines, in FY'86 PPC transferred \$100,000 to ANE for a total budget of \$469,000 to partially fund TAF and NED grants to ensure a "free and fair" Presidential election, held in February 1986. The fraudulent election activities witnessed -- in part by AID-sponsored NED election observers -- unleashed a popular revolt against the Marcos government, resulting in a dramatic change in national leadership. Since then, the USG has pledged increased assistance in efforts to undergird the new government and assist in economic recovery. The Administration has as one of its highest priorities the strengthening of democracy in the Philippines -- which despite the popular revolt -- remains fragile in light of the continued assaults of the NPA.

A.I.D. continues to be heavily involved in an inter-agency effort to strengthen democracy in the Philippines through a variety of activities, some of which may be appropriate for PPC support, include: (1) increased funding for the Fulbright scholarship program, (2) to fund an evaluation and dissemination of the election and its aftermath, (3) increased funding to the Asia Foundation and the Asia-American Free Labor Institute for a variety of proposed democracy building projects, (4) to fund VOA English broadcasts, (5) to fund low-cost American books, (6) to fund assistance to NAMFREL or constituent elements of a reconstructed COMELEC in preparation for local elections, (7) to fund a computerization program for voter registration, (8) to provide experts for the constitutional referendum, and (9) to fund conferences of U.S. and Philippine senior corporate executives to discuss joint actions which can contribute to economic recovery and growth, as well as encourage investment and privatization. There already has been extensive discussions between USAID/Manila and the GOP, as well as federal agencies in Washington, regarding the total amount of support A.I.D. may be able to provide in these areas.

In addition to the Philippines, numerous inter-agency discussions have been held on Haiti, assessing the most urgent needs of the new, temporary government. Projects that have been suggested include: (1) computerizing the voter registration system, (2) providing constitutional scholars to the GOH for background assistance in writing the new constitution, (3) providing technical election assistance, and (4) increased funding for the American Institute for Free Labor Development (or other potential grantees) targeted for various democracy-building projects.

(3) Bicentennial Conference, American Enterprise Institute (AEI)--FY 1987: \$50,000

AEI initiated a Constitution Project in 1978 as a scholarly commemoration of the Bicentennial of the U.S. Constitution, AEI initiated a Constitution Project. Since then AEI has held five annual conferences on the American Constitution bringing together persons from around the world who have played a major role in the writing of their countries' constitutions to discuss their experiences. As part of this project, AEI has hosted two international conferences on constitution-writing and on ways constitutionalists may address problems of national diversity. A third international conference is planned for 1987. PPC expects to provide support to cover participation of Third World attendees.

(4) Human Rights Conferences and Research - FY'87:  
\$50,000, FY 88 \$200,000

Since the institutionalization of human rights in foreign policy, A.I.D. has successfully conducted positive or developmental activities in an express recognition that the U.S. understanding of civil and political rights cannot be separated from economic policies and economic development. As reflected in PD12 on Human Rights, A.I.D. policy supports specific projects which cover one or more of seven themes. These include: research, discussion and awareness of civil and political rights, development of human rights organizations and development of democratic principles and institutions that promote human rights.

PDPR expects to support a number of projects that attempt to bring about greater regional or worldwide understanding, appreciation observance of human rights. These programs have been the mainstay of the A.I.D. human rights office since its inception.

(5) Support for legislatures (Inter-parliamentary Union, State University of New York at Albany-SUNYA)--FY 1987:  
\$40,000, FY 88 \$100,000

PPC will continue to support various programs to promote legislative institutions, particularly in Africa.

In FY 1986 Abdo Baaklini of SUNYA visited four West African countries to talk to U.S. Embassy staff and host country officials about programs to assist in improving the management and organization of national legislatures. In FY 1987 PPC will consider supporting a consultancy trip to four additional countries, possibly Tanzania, Kenya, Zambia and Zimbabwe. Interest in parliamentary training seminars has already been expressed by several missions.

The Inter-Parliamentary Union, of which the U.S. is a member, undertakes various activities to promote common action between Parliaments in the development of representative parliamentary institutions. PPC will consider providing support to the Technical Co-operation Programme of the Union in the areas of legislative study tours, in-country training and upgrading of documentation centers.

(6) Human Rights Data Base (Human Rights Internet-HRI)--  
FY 1987: \$20,000

In FY 1984 PPC first provided support for the development of a human rights data base for international human rights materials. This database has provided valuable linkage for the human rights community, and appears to be the only data base of its kind in existence. A proposal is anticipated in FY '87 for an African documentalists database which will build upon the lessons and experiences learned from the original database. This database would prove invaluable to private and public enterprises in developing nations which are struggling to realize cost-effective and efficient ways of doing business through shared information.

Internet has approached A.I.D. with this idea as well as others, and should discussions continue, an unsolicited proposal is anticipated.

(7) Election Assistance General FY 88 \$250,000

PPC will continue its support of programs to provide updated information on international election technical assistance. In FY 1988 training should be completed for global election experts and their services will be available through various contractual mechanisms to organizations and governments involved in organizing elections, including A.I.D. In FY 1988 PPC will also consider supporting some evaluations of various election assistance activities.

PPC will continue to support the development of legislative institutions, particularly in Africa. Countries under consideration include Liberia and Cameroon.

Relation to development and/or articulation of policy

To the greatest extent possible project funds are used in a variety of Third World countries. Every effort is made to initiate and encourage activities under a variety of the seven basic human rights policy themes as set out in PD-12.

Relationship to Agency needs

Regional human rights activities are generally initiated by Embassy or USAID staff. Activities sponsored by PPC are chosen because they are complementary to projects being developed and implemented in the field or because they can financially support, provide basic research, or technical assistance which will assist the field in the expansion or implementation of its overall program.

On-going Project Narrative

Project No.: 930-0090

Title: Refugee Assistance

Appropriation Account: 106 (SDA)

Funding: FY 1987: \$50,000; FY 1988: \$50,000

Purpose: The long-lasting refugee presence in many countries has fundamentally altered the nature of the global refugee problem. Aid requirements continue at a high level and assistance policies and programs must be designed to address the changing refugee situation. This project will provide information on how best to meet some of the most pressing refugee needs.

Background: The substantial majority of refugees today have been in exile for five years or more. Most have little immediate prospect of going home. Efforts to find durable solutions have included voluntary repatriation, settlement in asylum countries or settlement in third countries. However, these steps have not reduced the total world refugee population because large groups have stayed in place and grown, and new groups have appeared. Because of this expanded, semi-static refugee situation, it is necessary to begin organizing refugee assistance to cope not only with emergencies, but, more importantly, with longer lasting needs in the most cost-effective manner. Some areas which need study if the present state of affairs is to be improved are: evaluation of the refugee burden on host countries; institutional roles and responsibilities in providing assistance; refugee participation in the refugee assistance efforts and the attraction effect of refugee assistance. This project will provide information on these types of issues to acquaint development planners with the various design and policy considerations which need to be addressed in providing long-term refugee development assistance.

Project Description: Through a series of research studies, the project has evaluated international refugee assistance efforts in the areas of self-sufficiency of long-term rural settlements and specific problems of women refugees and has provided updated information to guide development practitioners in designing future programs for refugees. In FY 1986-87 research will be undertaken on economic activities designed to increase

the self-reliance of refugee women. In FY 1987-88 consideration will be given to continued support to non-profit refugee groups for research and evaluation of refugee assistance in the hope of finding durable solutions to such pressing issues as repatriation, settlement and resettlement, relief policies, roles of assistance agencies and host governments and others. Also during FY 1987-88 PPC will want to look at any regional bureau developmental activities directed toward refugee populations to see if a PPC-funded research/evaluation element might be an appropriate add-on.

#### Relation to development and/or articulation of policy

PPC's major role in the refugee assistance area is to provide some funding for evaluation of assistance activities and to make information available for use in developing future programs and policies, both to A.I.D./State refugee development officers and to international voluntary organizations. The Department of State Bureau of Refugee Programs has responsibility for administering and carrying out developmental refugee projects. They do not set aside any funds for researching refugee issues. As a result, PPC is one of the few sources of funds for organizations interested in evaluating the effectiveness of refugee policies and programs.

#### Relationship to Agency needs

PPC's refugee assistance research effort supports the activities of A.I.D. regional bureaus. Research efforts are undertaken in countries/regions only after consultation with regional bureau and mission staff. PPC staff consults periodically with regional bureau staff to review on-going programs and new activities to which PPC might contribute funding.

New Project Narrative

Project Number: 930-0092

Title: Future Development Trends

Appropriation Account: 106 (SDA)

Funding: FY 1987, \$100,000 FY 1988 \$60,000

Purpose: To provide A.I.D. with hypotheses of the evolution of events which could play an important role in determining appropriate modes of assistance in the future.

Background: It is important that A.I.D. maintain a continuing effort to develop its perception of future development needs. To the extent that this leads to modifications in policies and programs which are deliberative and anticipatory, rather than reactive, the Agency benefits.

Project Description: This project will entail support of several discrete activities, including separate studies and/or support for ongoing research. Some possible areas of exploration are the culture of entrepreneurship, and current national experiments introducing market mechanisms into heavily statist economies.

Relation to Policy Development and Agency Needs: The results of this research would assist the Agency in establishing its long-term policy and programming priorities.

New Project Narrative

Project Number: 930-0092 and 930-0082

Title: Socioeconomic Effects of Economic Policy Reform

Appropriation Account: 106 (SDA) 108 (HEA)

Funding: FY 1987 \$125,000 FY 1988 \$200,000

Purpose: To examine the effects of macroeconomic policy reform (e.g., structural adjustment, pricing, foreign exchange rates, etc.) on income, food availability, food consumption, health services utilization and nutritional status of different groups within society, particularly developmentally disadvantaged or vulnerable populations.

Background: In recent years developing countries have faced serious economic problems characterized by increasing international debt and the resulting need for use of foreign currency to repay these debts. Pressure from the donor community for countries to undertake economic reform and austerity programs has led to concern about the net effect on vulnerable groups within the population. UNICEF has taken the lead in advocating "adjustment with a human face", which would require the IMF and other donors and financial institutions to consider these effects in their adjustment and reform agreements. Yet, there remains considerable debate in the international community about the presence and severity of these effects and about the means by which these effects can be mitigated.

Description: This project will examine the effect of overall economic reform and adjustment policies on income, employment, food consumption, health services utilization, nutritional status and other factors to determine whether various groups within a society are being differentially affected by the policy reform measures. As a first step, the project will review existing methodologies for assessing the social consequences of reform programs. It will also review their use to date in LDCs and summarize the findings of any uses. It will then suggest an appropriate methodology for use by AID. This will be the first output. Subsequent outputs will be policy analyses of selected country cases identifying positive and negative effects of specific economic policy reforms and/or "adjustment with a human face" policies on the socioeconomic status of vulnerable groups. Another output will be a one or more workshops to disseminate results of these analyses as well as results of PPC-funded studies on the effects of the shift from traditional to cash cropping on nutritional status of vulnerable groups. Part of the work will likely be carried out through a buy-in to an S&T project entitled "Consumption Analysis of Food and Agricultural Policies" to examine the effect of overall economic reform and adjustment policies on the nutritional status of vulnerable groups.

Relation to development/articulation of policy: Based on the results of these studies, policy guidance will be developed to mitigate potential negative effects of economic reform and to encourage reform packages which prevent decline in capacity of those in vulnerable groups to both produce and consume at an acceptable level.

Relationship to Agency needs: The AID Strategic Plan sets specific goals regarding raising income to low income people, increasing caloric intakes and reducing the percentage of children under 5 suffering from chronic and severe undernourishment. The Agency Health and Nutrition Policies and Child Survival Strategy focus on improved health and nutrition status to increase child survival. Yet while health and nutrition programs are attempting to improve chances for child survival, overall development and economic policy and programs may be working at cross purposes if consumption, health services utilization, and nutritional status are negatively affected by these broader policies and programs, unless steps are taken simultaneously to mitigate short-term negative effects of these reform packages.

On-going Project Narrative

Project Number: 930-0092

Title: Privatization Policy Studies

Appropriation Account: 106 (SDA)

Funding: FY 1987 \$115,000 FY 1988 \$290,000

Purpose: To continue PDPR's research on privatization and public/private issues so that assistance and policy development will continue to be available to Missions and host governments interested in the many aspects of privatization.

Discussion: PDPR has sponsored state of the art research on privatization and public/private issues for over four years. This research has included such topics as the privatization of municipal services, private sector options in infrastructure development and maintenance, privatization of agricultural parastatals, and other broad policy concerns affecting or affected by privatization. To continue PDPR's research in the most effective manner, those subjects raised as important trends at the International Conference on Privatization co-sponsored by PPC and PRE, as well as other issues that arise during the project review process, need to be examined. PDPR's research will aim to provide the latest information and develop policy approaches on these subjects.

Project Description: The research will, generally, continue PDPR's research in the field of privatization and private enterprise development. The three major topics to be considered are discussed below.

The first component of this research is a study of the political problems associated with privatization. Privatization is essentially a political process although it may be prompted by economic forces. Prior understanding of the local political situation, the power bases, and the sources of influence must be achieved before explicit proposals for privatization are laid before a government. The research will include such topics as employment and labor displacement, nationalism, ideology, foreign ownership, cronyism, and interest group politics.

The second component will examine policy approaches for privatization and deregulation of the agribusiness and agriculture sectors, marketing boards, municipal services, and

financial markets and the banking sector. The approach to privatization may differ based upon the sector involved, the LDC's objective in undertaking privatization, and the strategy employed. Countries may engage in privatization for a variety of reasons, such as to generate immediate cash income, immediate foreign exchange, or future cash income; encourage industrial development; and encourage foreign investment. These objectives may have important ramifications for the policy approach undertaken during privatization.

The third component will examine the LDC barriers that prevent A.I.D. from moving its resources through private sector channels in LDCs as an alternative to public institutions in those areas that directly affect private enterprise development. The study will identify the institutional, political, and economic barriers that prevent the local private sector from fully and freely participating in the economic growth process. As many Missions claim that the private sector approach is often unworkable, PPC needs to conduct independent research to confirm or deny this vital policy issue, and to adjust, if necessary, the Agency's policy guidance in this area.

In addition to these topics that have been specifically identified, and in keeping with our aim of keeping PDPR in the forefront of the field of privatization, flexibility is needed to add to or amend subjects as trends and needs of Missions and host governments change. It is also possible that PDPR will continue to have need for a Technical Services contractor in the field of privatization.

Relation to A.I.D. and PDPR Objectives: The results of this research will enable the Agency to keep its policy and program advice to developing countries current and in accord with their demands and needs. As such, it will inform and enhance our policy dialogue.

New Project Narrative

Project Number: 930-0092

Title: Reduction of Subsidies and Political Stability

Appropriation Account: 106 (SDA)

Funding: FY 1987 \$75,000

Purpose: The purpose of this study is to gain further insight into the relationship between political stability and consumer subsidies, with special reference to food subsidies, in an attempt to determine when and under what circumstances a reduction in subsidies gives rise to political disorders, and to provide guidelines for avoiding the disorders.

Background: There have recently been a number of inquiries made on this subject, none of which presents a fully satisfactory answer to the relationship of subsidies to political discontent. Examples may be found in which reduction or elimination of subsidies on basic foodstuffs created no mass political reaction whatever; others can be cited in which reaction was strong enough to provoke possible regime overthrow. It would be very useful if some correlation could be established between subsidy reduction and political reaction, but as yet we do not know enough to make even educated guesses. It appears that there may be some relationship between popular confidence in the regime and acceptance of subsidy reduction but no convincing evidence of this has yet been presented. It is possible that, if the populace feels that subsidy reduction is the price that must be paid for continued later improvement in economic conditions and living standards, it may be found acceptable, but again, this theory has little evidence to support it. The fact that subsidies have been reduced may be used by political agitators simply as an excuse to create disorder and embarrass the government with the ultimate goal of overthrowing the regime. Further detailed research, with case studies, would be very helpful in determining at what point, and in what context, subsidy reduction or elimination would be accepted by the people, especially those in highly politically sensitive urban areas.

Project Description: The research would require a thorough review of the literature as a first step. Field research, based on selected examples of past effects of subsidy reduction and on planned future reductions, would be necessary to complete the case studies and draw tentative conclusions.

Relation to Articulation of Policy: Agency policy opposes both consumer and producer subsidies. LDC governments, however, may be opposed to removing (or even reducing) existing consumer food subsidies because of their political sensitivity. The Agency needs to be in a better position to articulate not only the desirability of reducing food subsidies, but also the political feasibility of doing so.

Relationship to Agency Needs: Implementing existing policy better.

New Project Narrative

Project Number: 930-0092

Title: Financial Markets Policy Studies

Appropriation Account: 106 (SDA)

Funding: FY 1987 \$175,000 FY 1988 \$175,000

Purpose: To provide A.I.D. with information necessary to increase its understanding of, and improve its policies on, financial market development, and its relationship to privatization. The purpose of this research is to study the structure, operations, and policies of financial markets so that A.I.D.'s programs will be relevant to the changing needs of LDC financial systems; develop significant policy options for effecting financial market development in LDCs; examine the roles of the public and private sector in financial markets; and develop policy approaches that can be utilized to forge strong linkages between local and foreign financial markets.

Discussion: Economic growth is contingent upon effective financial market development. For the last several years, A.I.D. has engaged LDCs in a policy dialogue with the objectives of improving the economic policies of those countries and increasing the role of the private sector in financial markets. This effort has been successful in some countries; it is now necessary to assist host country financial sectors to deal with growth that is now becoming apparent. Successful policy dialogue will require a knowledge and understanding of the problems faced by LDCs in developing appropriate financial markets policies and institutions.

Project Description: The research will encompass a range of financial market issues.

The first component of this research will examine the development of appropriate LDC financial institutions and instruments. A major impediment to privatization in many LDCs is the lack or inadequacy of indigenous financial resources and institutions that contribute to economic growth. Among the issues to be examined are development of new LDC financial institutions and instruments to attract savers and meet the demand of users of funds in LDCs; tax policy reform and capital market development; and the appropriate roles for the public and private sector in financial market development.

As part of the last focus, we will compare the efficiency of state and privately operated banking systems. There are many permutations of state ownership of financial institutions;

varying levels of market distortion are present in all of them. The research will have as its goal determination of whether state banking systems, in practice, operate financial markets as efficiently as private sector dominated systems. Conversely, the research will also focus on the detrimental effects upon the development of financial institutions.

The second component of this research will examine venture capital in LDCs. Consideration will be given to the availability of investment opportunities; the presence and effective utilization of local resources; whether the provision of external, particularly donor, capital substitutes for (or crowds out) otherwise available local resources; and the policy conditions needed to support venture capital. Another aspect of this issue that will be considered is its use in joint ventures where local resources are supplemented by external capital.

The third component of this study will focus upon issues and approaches related to the relationship between privatization and LDC financial market development. A major impediment to privatization in many LDCs is the presence of weak indigenous financial markets and poor correspondent or other relationships with foreign financial markets.

There is a great deal of controversy over the appropriateness of concessionary credit for small scale enterprises. Studies performed in the past support arguments in favor of market lending as well as concessionary lending. Therefore, the final component of this research will be a comparative study of the effect of various kinds of credit on these enterprises. The study will address whether market rate credit is treated in a more businesslike way than concessionary credit; whether concessionary credit is employed more speculatively than market credit by the recipient; and the impact of those decisions upon achievement of our development objectives.

Relation to A.I.D. and PDPR Objectives: The results of this research will assist the Agency in further developing its financial markets policies and engaging developing country governments in dialogue thereon.

New Project Narrative

Project Number: 930-0092

Title: Privatization Communications

Appropriation Account: 106 (SDA)

Funding: FY 1987 \$75,000

Purpose: This project will fund the start-up costs or other costs associated with the the communications options identified by the 1986-funded Feasibility Study on Privatization Communications as being most effective in (1) communicating the benefits and opportunities of privatization to LDC public and private sector representatives, (2) sharing experiences in this growing field, (3) discussing and describing the techniques available to implement privatizations, and (4) establishing communication links between A.I.D.-recipient countries, developed countries, and others who are interested in privatization.

Discussion: One of the issues that surfaced during the A.I.D. International Conference on Privatization was that better communication on privatization is needed between A.I.D., developed countries, and developing countries. PDPR recently funded a feasibility study to determine the most effective instrument for communicating the benefits and opportunities of privatization to LDC public and private sector representatives.

Project Description: As the feasibility study is not yet completed, the instrument or instruments to be selected cannot yet be identified. Among the communications options being examined in the feasibility study are issuance of a newsletter to promote the privatization of government enterprises and services; regularly scheduled reports or studies; occasional papers; teleconferencing; and conferences. Among the factors being looked at in determining the feasibility of the selected communications option are (as appropriate): (a) the audience to be targetted, (b) the frequency of instrument, (c) the content, (d) distribution, (e) whether to whom subscription fees should be charged, (f) organizational and editorial control, (g) staff and their location, and (h) conference sites.

Relation to A.I.D. and PDPR Objectives: The results of this activity will assist the Agency in communicating the benefits of privatization to LDC public and private sector leaders, thereby easing the path for A.I.D.'s policy dialogue and project activities related to privatization.

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New Project Narratives

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New Project Narrative

Project Number: 930-0091

Title: Self-targeting Food Aid

Appropriations Account: 103 (ARDN)

Funding: FY 1988, \$140,000

Purpose: The purpose of this activity is to examine the conditions under which the use of self-targeting food commodities is an appropriate and cost-effective mechanism for distributing food aid to those who need it.

Background: A principal objective of food policy in most developing countries is to develop a healthy and dynamic food economy in such a way that the process does not starve the poor in the short run and offers them expanded job opportunities in the long run. There are a range of approaches governments use to assure both efficient food production and equitable (needs oriented) food distribution. These approaches include the unregulated private market, open market sales of public food stocks, ration or "fair price" shops which sell food at subsidized prices, food stamp programs, and the use of self-targeting food commodities. Self-targeting commodities have a high income elasticity of demand among poor people but a low or even negative income elasticity of demand among wealthier groups. Therefore, these commodities will be used in proportionally greater amounts by low income groups; they are self-targeting because purchasers of the commodities (for example, sorghum in contrast to rice) automatically tend to be lower income consumers.

Project Description: A typology of alternative food aid distribution systems will be developed. A survey (or inventory) of all countries which have used the self-targeting commodity approach will then be undertaken. Finally, food aid distribution programs will be examined in up to six countries, including possibly Egypt, Sri Lanka, Bangladesh, and Mauritania with a view to understanding the conditions under which modified market mechanisms for food aid distribution operate most cost-effectively. These actual case study illustrations might be replicable in other countries.

Relation to Articulation of Policy. AID's "Food Aid and Development" Policy Discussion Paper (July 1981) indicates that various modified market mechanisms may be appropriate vehicles for distributing food to the needy at minimum cost. The conditions under which this policy is operable need to be explored and conveyed to field missions, especially in many sub-Saharan African countries which are recipients of substantial quantities of food aid.

Relationship to Agency Needs: The report will assist the Agency manage one of its principal assistance resources, food aid, more effectively.

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New Project Narrative

Project Number: 930-0096

Title: Improving Household Food Security

Appropriation Account: 103 (ARD&N)

Funding: FY 1988 \$100,000

Purpose: To determine the most effective means of addressing detrimental seasonal and annual fluctuations in food supply.

Background: Throughout the world, preharvest hunger is a fact of life. For adults the hunger merely reduces their work capacity temporarily but for very young children and pregnant and lactating women, permanent damage or death can result. The causes of household food insecurity and the relationship between national level and household level food security are poorly understood. "Postharvest food losses" is a catch all phrase that fails to acknowledge the spectrum of activities (and actors) involved in food transformation and marketing.

Description: This project will implement recommendations of the review report on experience to date on the topic. A workshop presenting the findings of that research took place in December 1985. It was co-funded by FAO and AID. The policy options recommended will need to be implemented and evaluated especially in the context of the Agency efforts in food security, food sector strategies, and agricultural and rural development programs. Outputs will be three case studies carried out in FY 87-88.

Relation to development/articulation of policy: Policy guidance will be developed to improve the impact of foreign assistance on household level food security.

Relationship to Agency Objectives: In order to improve chances of reaching A.I.D. objectives for improved economic growth and reduction in malnutrition the issue of household food security must be addressed. Without attention to the smoothing out of food availability true achievement of these goals will not be possible.

New Project Narrative

Project Number: 930-0091

Title: Dryland vs. Irrigated Agriculture

Appropriation Account: 103 (ARDN)

Funding: FY 1988, \$150,000

Purpose: The purpose of this research is to identify and quantify the potential trade-offs between investments in dryland agriculture and irrigated agriculture.

Background: Increasing dependence for adequate food supplies must be placed on dryland areas in the future, particularly in Africa. This is due to rapidly increasing populations which are expanding into dryland areas; extensive livestock grazing on dryland areas; and also because irrigated lands must be used primarily for export and high value crops (such as cotton and dairy) rather than cereal grains which may not provide an adequate return to the investment in irrigation.

The need to address the issue of trade-offs between investments in drylands and irrigated agriculture arises in the context of the following considerations:

- the cost of water development (and the absolute limits on total water supplies) necessary to support irrigated agriculture are large and increasing;
- the balance of payments requirements of LDC governments are large and increasing, thereby necessitating improved export performance.

Project Description. This project will estimate the economic returns to investments in alternative production systems. The working hypotheses are: (a) for the major food crops, returns will be greater on drylands than on irrigated land; and (b) rural employment will be greater as a result of investments in dryland agriculture compared to investments in irrigated agriculture.

An examination of these relationships will require data on (a) existing food production potentials; and (b) existing land utilization patterns.

Relation to Development of Policy. The Agency currently has no policy on investment in research to improve yields of dryland crops as an alternative to investment in irrigation. This research will help develop Agency policy in this area.

Relationship to Agency Needs. An understanding of the

potential trade-offs between these two basic types of production systems is particularly germane to countries in sub-Saharan Africa.

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On-going Project Narrative

Project Number: 930-0082

Title: Health Demand and Financing

Appropriations Account: Section 108 (HEA)

Funding: FY 1988 \$150,000

Purpose: AID as a matter of general policy emphasizes efficiency and user financing. In the area of health, this policy needs special emphasis since most LDC's view the sector as a public welfare service.

This project would assist missions in:

- costing out alternative primary health care (PHC) programs;
- generating information for cost effectiveness studies for PHC;
- measuring household demand for, utilization of, and expenditures on health services and drugs;
- assessing the financial and economic feasibility of various user financing options;
- documenting experiences with and measured effectiveness of various health financing schemes, and;
- more systematically considering the role and potential for private sector providers in health.

Background: The dominant theme in AID's health services delivery program over the past decade and a half has been testing and experimenting with the primary health care approach. That effort has succeeded in showing that PHC is a more workable, lower cost approach to delivering health care and raising health status, than is the alternative hospital care. However, in the process important financial and economic issues have been overlooked, which has served to compromise some of the achievements in improved service delivery. Health policy research gaps of greatest priority include the following topics:

- the extent and nature of the demand for health care including the issues of cost, health care utilization, and resource allocation;
- the impact and role of the private health sector, particularly as it relates to public health investments; and
- health care financing options.

This list emphasizes the major economic issues which need to be addressed in international health. And it should be noted that these topics represent areas of research concentration, as well as areas where the current analytic methodology needs to be advanced to improve the policy relevance of the research.

Project Description: The project will support a number of different kinds of studies, ranging from simple compilations of information, to in-depth assessments of the effectiveness of various health financing options, to the collection and analysis of relationship which draw on sophisticated analytical techniques. The project will also explore the feasibility of different options for cost recovery, including fee for services. Outputs will include policy analysis and recommendations for policy guidance. The funding will be through a buy-in to the S&T/H Resources for Children (REACH) project.

Relationship to development/articulation of policy: Agency policy stresses the need for financially sound health services which are sustainable after external donor support. Only recently has the Agency begun to explore alternative health financing arrangements and there is little expertise on the subject within missions. This work will further refine our policy guidance on health financing and provide opportunities for articulating and illustrating our policy.

Relationship to Agency Needs: The project will provide A.I.D. with better information on the costs and financing of health and child survival services, and allow collection and analysis of information not generally available on health, but essential to efficient resource allocation.

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