

Final Proposal for Support Under the  
Agency for International Development  
Institutional Grants Program

Name of Applicant: Michigan State University

Date of Application: June 16, 1970

Title: A Grant to Increase the University's Capability In  
Agricultural Economics Related to the Less Developed  
Countries

Duration: Five years from the date established by the grant

Amount of the Grant: \$625,000

I. Preamble

1. The Institutional Grant, made by AID under authority of Section 211d of the Foreign Assistance Act of 1961 as amended, is one of several intended to develop and strengthen the competence of cooperating Universities in the field of agricultural economics as it relates to the problems of developing countries, and to increase their ability and the ability of significant numbers of their staff to contribute to the solution of these problems.
2. There is a growing need for skilled analytical work on agricultural sector problems in the less developed countries as agricultural production increases, movement is generated toward a market-oriented system, and decisions are required concerning possible alternative uses of resources. Many of the developing countries are unable to do the analytical work needed for appropriate decisions on these matters, and to assess the effect of their decisions on the economy as a whole. They need and want skilled professional advice and assistance in developing their own capabilities for this type of analysis.
3. These requirements can be met in part by increasing the agricultural economic capability of certain Universities which have been active in the international field, and by developing a group of agricultural economists in these Universities who will maintain a continuing interest in the problems of the less developed countries, who will acquire some practical experience in dealing with them, and who will be provided reasonable assurance that their activities in their field will receive continuing support.
4. AID has a substantial interest in strengthening the capability of institutions which are able and willing to assist in these areas, and increasing their competence and expertise by providing opportunities and incentives to members of their professional staff who are interested in devoting a significant part of their career to work on agricultural development in the less developed countries. Recognizing that the

accumulation and dissemination of knowledge concerning these problems will be of benefit to the development process, AID wishes to encourage research in this area and the publication of results.

5. The University, considering that agricultural economists who devote a portion of their careers to dealing first-hand with practical problems of agricultural development will thereby strengthen their professional competence, undertakes to facilitate their acceptance of assignments with AID and other development institutions. Recognizing the enhanced contribution that individuals with this type of experience can make to both teaching and research, the University will make every effort to provide them appropriate assignments upon their return to campus.

6. AID and the University recognize that participants in these arrangements will have a natural community of interests and that the individual and collective effectiveness of the group will be increased by a continuing interchange of ideas and insights growing out of their experience. AID and the University will endeavor to promote such interchanges through conferences, workshops and other appropriate arrangements. The participation of other professionals interested in agricultural development in the less developed countries will be encouraged.

## II. Objectives

The grants made to several selected universities in furtherance of the purposes stated in Section I have common objectives. The first of these objectives, which are listed below, will require continuing cooperation among the grantee universities and between them and AID.

1. To create a framework within which a significant number of U. S. agricultural economists interested in the international aspects of their discipline can work cooperatively on certain research problems of urgent importance to developing countries, thereby increasing the effectiveness of their efforts, and making the most efficient use of scarce research resources; to provide an efficient means for applying the product of this research in a way which will be helpful to the developing countries; and to contribute to the development of professional contacts and collaboration among agricultural economists in the United States and in the developing countries.
2. To increase the competence of the University in the area of economic development problems, particularly as they relate to the agricultural sector and the relationship between agriculture and other economic sectors, by providing a continuing arrangement for faculty members to conduct research on campus and abroad and to carry on work in developing countries.
3. To enable the University to provide increased training in economic development and agricultural economics at the graduate level for students from the U. S. and the developing countries.
4. To provide members of the University faculty the enriching experience of dealing directly with problems of agricultural development in the less developed countries by

arranging for them to serve with AID in capacities which will contribute to the development of their professional skills and to their understanding of how to accelerate agricultural growth in the less developed countries and deal with the practical problems involved in the process.

### III. University Capabilities

The Department of Agricultural Economics has developed a sustained and expanding international program including overseas technical assistance and on-campus education. Financial support from the AID and the foundations has been a critical resource in bringing about the development of this effort.

AID-Supported Research - A considerable number of faculty members in the Department of Agricultural Economics have had experience in agricultural and economic development research, institution building, and consultation in developing countries. This has included work in Nigeria, Colombia, Brazil, Boliva, Thailand, Pakistan, Taiwan, and Turkey. This experience has been gained via participation in AID research and institution-building contracts, in programs sponsored by the Ford, Rockefeller, and Kellogg Foundations, and consulting arrangements with AID, FAO, the World Bank, and the United States Department of Agriculture.

These experiences have been successful in serving the interests of granting institutions, recipient countries and the University's academic pursuits. In most cases these projects have involved multidisciplinary work to effectively deal with the problems and they often have involved the coordination of several United States and host country efforts.

The success of these projects have been due to:

1. The willingness of key members of the Department of Agricultural Economics to immerse themselves in the task of finding solutions to the important problems of the recipient countries in close cooperation with funding organization personnel, host country decision-makers, and United States and host country universities.
2. The application of applicable theory and quantitative techniques to the solution of these practical problems and, where necessary, the development of improved theory and techniques.
3. The involvement of competent persons from other disciplines as necessary to deal with the specific problem. This has resulted in multidisciplinary approaches to complex problems having a central focus in agricultural development.

The grant program outlined in this proposal will facilitate the further development of competence in the Department of Agricultural Economics and will enable this group to continue and to expand research and training activities dealing with agricultural development problems in the less developed countries.

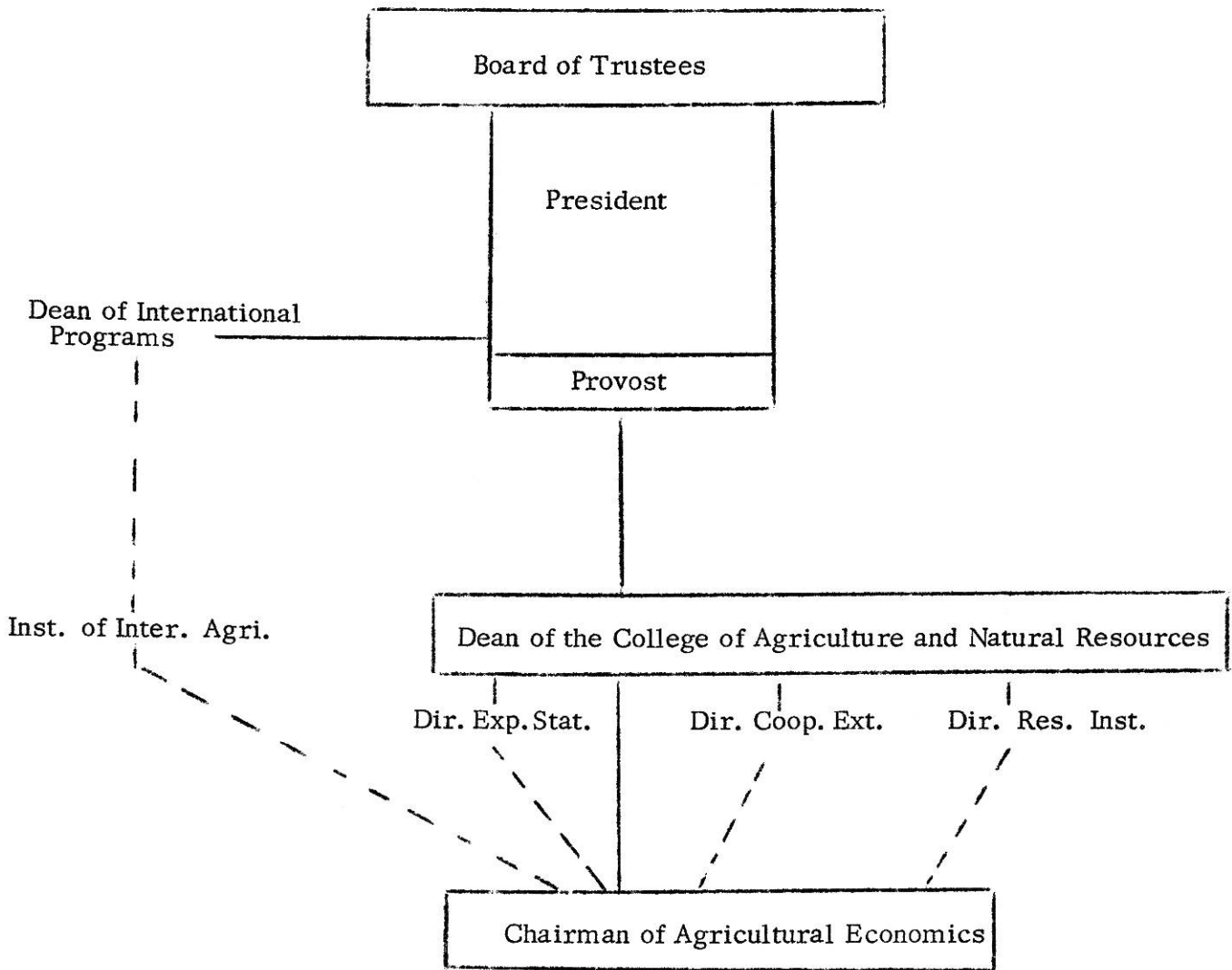
Graduate Training - The Department of Agricultural Economics is heavily committed to graduate training in international economic development. Among the 105 graduate students now in residence, 47 are from 23 countries outside the United States. Several students are overseas collecting data and analyzing information for their doctoral dissertation. A significant number of the Department's graduates have embarked upon careers in agricultural development, with such institutions as the World Bank, AID, Ford Foundation, the Rockefeller Foundation, as well as serving on faculties and participating in a number of contract projects overseas, operated by other universities. Most of the overseas students have been admitted to the Department of Agricultural Economics with financial support from institutional donors, including Rockefeller, Ford, and Kellogg Foundations, the Agricultural Development Council, AID, FAO, or directly by the governments such as West Germany, Belgium, Canada, or the UAR.

Courses are being introduced or changed to provide a larger international dimension. For example, a new two course sequence in agricultural administration, and a course sequence in international agriculture, agricultural development, and a workshop in agricultural planning provide ample opportunity to learn how to apply economic, statistical, administrative and other tools to the process of development. Special seminars or workshops are offered from time to time, such as the three-day seminar on South Asia in June 1968, the summer long development planning workshop on Nigeria in 1968, and a similar seminar-workshop on Pakistan planned for the summer of 1971. Other graduate courses in production economics, marketing, land economics, and agricultural policy contain significant treatment of economic development problems and concepts. Other university departments provide students with opportunities to select a series of courses in other disciplines, including economics, communications, political science and sociology which deal with development concepts and problems.

#### IV. Administrative Structure

The Department of Agricultural Economics is one of 14 departments in the College of Agriculture and Natural Resources. The chairman reports directly to the dean and maintains liaison with the Director of the Agricultural Experiment Station, Director of the Cooperative Extension Service, or Assistant Dean for Resident Instruction. The Dean reports to the Provost and the President of the University; to the Provost on international and academic problems, and to the President on external and broad public policy issues. Normally, the channels are from President-Provost-Dean-Department Chairman, or vice versa. Certain issues may be discussed with one of the Vice Presidents before going to the Provost or President for final policy determination.

The Dean of International Programs also represents coordinating link between the Department, the College and the President. An Institute of International Agriculture coordinates international activities within the College of Agriculture and Natural Resources and the three area centers on Latin America, Africa and Asia help coordinate and stimulate inter-college and inter-disciplinary programs.



(For a more detailed statement on organizational structure of the University see MSU Policy and Administrative Manual on International Programs on file with the Office of Procurement, AID Washington.)

## V. University Contributions

The Department of Agricultural Economics currently operates on a budget of approximately two and one-half million annually with funds being provided from state, federal and private sources. Funds requested in this proposal will not replace existing funding. Activities provided for in this proposal will be additive to existing and planned programs of the Department.

Existing Department and University resources will provide :

- All indirect costs of administration, including time of deans and other senior officers of the University.
- Office, classroom and auditorium space for faculty, students, special seminars or workshops related to this grant program.
- Library and reference facilities.
- Access to the University computer facilities.
- Consultation with faculty members not directly supported by this grant.

The Department and the University will continue to seek additional support for the development of the international program of the Department of Agricultural Economics. The Department intends that the present grant be used to strengthen the international competence of the Department and that this competence be shared with the Technical Assistance Bureau of AID.

## VI. Scope

The grant is for \$625,000 to be made available for use over a period of five years. It will be used to support activities within the framework of the following program outline which describes the overall scope of work for increasing the capabilities of selected universities participating in a joint program with AID.

1. To help finance high priority elements of a problem-oriented research and training program. The elements in this program will change over time as the economies of the developing countries evolve; initially it will include:

(a) Theoretical, methodological and selected empirical studies on sectoral analysis, with emphasis on the use of human and capital resources to increase institutional competence; on public policy alternatives in the area of prices, taxes and trade; and on intersectoral obstacles to increase rates of economic and social development. These studies will analyze the potential impact of various agricultural policies, programs and projects on factors such as total output, economic efficiency, income distribution, employment, balance of payments, and price stability.

(b) Welfare and income redistribution aspects of rural development. Emphasis will be placed on employment opportunities in the rural area

with particular attention to the disadvantaged rural tenant and small landowner; on the development of institutions to produce and deliver essential services efficiently; and on the spatial distribution of employment and population. Implications of different sectoral growth patterns and technologies on output and employment will be studied. The economic and social consequences of the latter on the rural-urban migration will be analyzed.

(c) Selected production oriented projects with special emphasis on water resource use, including consideration of water as the principal factor determining regional specialization or comparative advantage, water distribution systems, systems of water rights, cost benefit analysis, repayment schedules related to productivity and the interaction of legal, economic and political factors.

(d) Selected problems in the area of markets and trade, including problems of assembly, distribution and changes in product form; issues of economic feasibility, storage, price and transfer policies, farm size and structural alternatives for necessary capital accumulation.

(e) Selected economic policy problems related to the inducement, generation and diffusion of new technical knowledge and to the production and distribution of new industrial inputs by research and technical assistance institutions and by agricultural supply firms.

2. To increase the quality and quantity of undergraduate and graduate instruction in agricultural economics with an international orientation. The grant may provide support for graduate assistantships and research associates from the U.S. and other countries. The research component of the graduate training programs will be linked to the high priority program and project areas identified above. The international dimension in undergraduate education will improve indirectly through improved competence of the faculty.

3. To increase the supply of U.S. agricultural economic talent directed at operational or problem-oriented development issues in emerging countries. By increasing the capabilities of the University's agricultural economics faculty the grant will enable the University to provide additional skilled personnel for short and long-term assignments with AID. Such assignments will give to participating faculty members first-hand experience with the problems of developing countries, and, thereby, further increase their professional capability.

## VII. Implementation of Program

The Chairman of the Department of Agricultural Economics will organize and administer this program with the assistance of the department faculty having major interests in the area of international economic development. The core group participating in the program will include faculty (either in Agricultural Economics or other departments) who wish to work on problems within the scope of this Grant Agreement. Because of the

multidisciplinary nature of some of the problems, it will be necessary and desirable to arrange for some participation of faculty from other departments such as Economics, Sociology, Resource Development, Communications and Systems Science. Although there now exists within the Department of Agricultural Economics a substantial aggregation of faculty competence in international economic development, this grant program will further increase the competence of existing faculty and train new faculty and graduate students to deal effectively with problems of developing countries. In order to achieve this goal the grant will be used to support faculty and graduate student research on agricultural development problems in developing countries. Initially, these efforts will be focused mainly on those countries or areas where the Department has already had experience as described in Section III above. Particular attention will be devoted to Tropical Africa, with special emphasis on those problems of rural employment and rural development outlined in Section VI 1 (a) and (b) and (e) above. Selection of research activities will be influenced by the participation of Department faculty in the workshops and planning activities of the International Agricultural Economics Panel as they meet with staff of the Agricultural Economics and Sectoral Analysis Division of the Technical Assistance Bureau of AID. Where appropriate, the overseas research of faculty and graduate students may be organized to complement the work of faculty on long-term assignments with AID.

On-campus activities will include workshops focused on topics directly related to the research interests of the faculty. Professionals from developing countries, from AID or from other universities will be invited to participate in workshops, seminars and in regular graduate courses dealing with agricultural development and related topics. Close working liaison will be maintained with the other Universities participating in this joint program.

#### VIII. The International Agricultural Economics Panel

1. The University will nominate, and with AID will jointly designate certain of its faculty who, together with faculty members from the other cooperating Universities similarly designated, will constitute an International Agricultural Economics Panel. A panel member will be selected on the basis of (1) recognition as a specialist in a problem area of significance in world agricultural development; (2) expressed willingness to serve from time to time on short-term or long-term assignments for AID in the United States or abroad; (3) expressed willingness to engage in research in his special field and on problems of significance to AID and cooperating nations including undertaking any necessary foreign travel, supervision of research assistants, etc.; and in the research funded through this grant.
2. If the University considers it desirable, it may nominate as members of the Group, any or all of the additional staff members employed under the terms of this Grant.
3. Changes in personnel serving on the Panel may be made from time to time by the University in consultation with AID. Individuals affected will be separately notified when action is taken.



4. The University will use its best efforts to make available to AID, under arrangements mutually agreed at the time, the services of at least two members of the Panel throughout the period of the grant. The University undertakes to make available from the Panel as originally constituted, or as subsequently modified, ten man years of time.

5. AID undertakes, subject to the availability of funds and applicable laws and regulations, to seek to place Panel members who become available for service with the Agency in positions in Washington or in the field which are commensurate with their academic rank, related to their special fields of interest and promise to provide experience of significant value to their career development. These individuals, whether serving in Washington or in the field, will have responsibilities of a highly professional character, which will, however, include a significant operational component, involving short-run analyses of project and program alternatives, economic evaluations of existing program elements and similar assignments. They will also have the opportunity to broaden their professional experience by assisting in the development of methodology for conducting sectoral analysis and other research programs important to agricultural growth in the developing countries, and performing substantive work in some of the research areas identified in Section VI. They will be concerned with expanding the capacity of institutions in the developing countries to do significant research in the field of agricultural economics and will endeavor to develop linkages between these institutions and university research and training programs in the United States.

6. Although normally expected to serve two years, it is recognized that from time to time AID and the University may agree that circumstances justify a shorter or longer period of service.

7. Members of the Panel who accept long-term assignments under the terms of this agreement will be granted leave from the University for the period of their service. Faculty who accept short-term assignments with AID will be compensated as consultants within the limits set by University and Agency policy.

8. The University will exert its best efforts to make economists available to AID from the members of the Panel throughout the period of the agreement, such individuals to be employed and paid directly by the Agency. The University will employ additional staff if such action is considered necessary to maintain the effectiveness of on-campus activities while meeting this objective.

#### IX. Reports and Reviews

1. Each year designated representatives of the University and of AID will meet to review progress under the agreement, including the effectiveness of personnel serving with AID, and to consider work plans and potential University nominees in the years ahead.

2. Both AID and the University consider that the potential benefits of the arrangements established by this agreement will probably not be fully realized in the

five-year period for which the grant runs. In recognition of this fact, and provided both parties are agreed that the arrangements have worked satisfactorily and promise to yield further benefits, they will initiate discussions during the third year of the grant looking to its extension for an additional period.

APPENDIX A

Budget

The grant funds will be used to support faculty salaries, graduate research assistantships, other research costs, workshop costs and services directly related to the program described above in Section VI of the proposal. The five-year budget presented below represents a preliminary projection of how the funds would be expended.

<u>Budget Categories</u>	<u>Expenditures by Fiscal Years</u>					
	<u>FY 71</u>	<u>FY 72</u>	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>Total</u>
	(Thousand Dollars)					
1. Salaries and Wages (Including fringe benefits)	80	90	100	120	120	510
2. Equipment	4	2	2	1	1	10
3. Travel	8	8	12	12	10	50
4. Other	<u>8</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>10</u>	<u>55</u>
Total	100	112	126	146	141	625

Fund expenditures would aim at the level and pattern indicated above. At the end of each year the work would be reviewed and a detailed budget would be prepared in conjunction with a plan of work. This budget and plan of work would be submitted to AID along with the Annual Report.