FROM: The Secretariat                                             September 29, 1978

Request of the International Food Policy
Research Institute for CGIAR Sponsorship and Funding

1. Attached is a letter dated September 13, 1978 to the Chairman of
the CGIAR from the Presidents of the International Development Research
Centre, the Ford Foundation and the Rockefeller Foundation, requesting the
Consultative Group to resume consideration of including the International
Food Policy Research Institute (IFPRI) in the system sponsored and funded
by the CGIAR. IDRC, Ford and Rockefeller are the three sponsors of IFPRI.

2. Also attached is a resolution by IFPRI's Board of Trustees
dated September 6, 1978 on IFPRI's application for inclusion as an institute
within the CGIAR System.

3. The question of IFPRI's application is included in the provisional
agenda of the Consultative Group Meeting, November 8-10, 1978. At this time
members will be asked how they wish to proceed with the consideration of
IFPRI's application, including whether they wish to ask the Group's
Technical Advisory Committee for its recommendation. The next meeting of
TAC will be in February 1979.

Attachments

Distribution:

CG Members
Center Directors
TAC Members
TAC Secretariat
Director, IFPRI
13 September 1978

Mr. Warren C. Baum
Chairman
Consultative Group on International Agricultural Research
The World Bank
1818 'H' Street, N.W.
Washington, D.C. 20433
U.S.A.

Dear Mr. Chairman:

This letter is written by the three members of the Consultative Group on International Agricultural Research (CGIAR) that have been founders and supporters of the International Food Policy Research Institute (IFPRI). We write at the request, and on behalf, of the Board of Trustees of the Institute. It is our purpose to report on the progress of the Institute thus far, and to ask that the Group resume its consideration of including IFPRI in the CG system.

History

You will recall that the establishment of a food policy research institute was recommended to the CG by the Technical Advisory Committee (TAC) at the Group's meeting in July, 1974. Relevant excerpts from the minutes of that meeting are attached as Annex I. It will be noted that several members supported the proposal; others expressed skepticism, especially in view of the uncertain outcome of the then forthcoming World Food Conference; no consensus was reached. During the discussion, it was suggested that the Institute might be established and supported during an experimental period by non-governmental organizations which are members of the Consultative Group.

The TAC proposal was considered further at the CG meeting in October, 1974. Relevant excerpts from the minutes of that meeting are attached as Annex II. It will be noted that the Chairman of the TAC reported that the International Development Research Centre (IDRC) and the Ford and Rockefeller Foundations were willing to accept initial responsibility for financing a food policy research institute. After discussions, the Chairman of the CG noted the continuing absence of a clear consensus in the Group on the necessity for establishing an institute or on how to relate it to the Group, at least until the outcome of the World Food Conference was known. He suggested, and the Group
agreed, "that the Group should take no further action at this time; that it would understand that the 'private' sponsors might wish to consider what action to take with respect to the proposal in the light of the World Food Conference; that the Group would like to be kept informed on the thinking of the 'private' sponsors; in the event that they should decide to establish a center that the Group would wish to establish an effective communications link with it; and that recognizing it to be a pioneering activity, the Group would be prepared to reconsider the question of sponsorship at some future date."

The IDRC and the two Foundations considered what action to take following the World Food Conference in November, 1974. They agreed that the organizations established as a result of the Conference did not meet the need for an international food policy research institute, and, indeed, that those organizations would themselves need to draw upon the services of such an institute. Accordingly, they decided to establish such an institute, with each of the three sponsoring agencies undertaking to share the costs for the first five years, in a proportion of 3-1-1, up to $1 million per year. After additional detailed planning, the Institute was incorporated March 5, 1975, with its headquarters in Washington, D.C. The first staff joined August 1, 1975. The initial members of the Board of Trustees have been: Ojetunji Aboyade, David E. Beil, Norman E. Borlaug, Sir John Crawford, Ralph Kirby Davidson, Mohamed El-Khash, Nurul Islam, Affonso C. Pastore, Lucio G. Reca, Roger Savary, Sir Andrew Shonfield, Puey Ungphakorn, V. S. Vyas, and Ruth Zagorin. The first Director was Dale E. Hathaway.

Since its establishment, a staff of 21 professionals has been assembled, a majority of whom are nationals of developing countries, a research program has been undertaken, and a number of initial research reports have been produced. In accordance with the understanding reached at the CG meeting in October, 1974, the Director of IFPRI has reported on the work of the Institute to the Group at "Centers' Week" each year. The first Director resigned in February, 1977 (to accept a key position in the U.S. Government concerned with agricultural policy), and has been replaced by John Mellor. Annex III presents a summary account of IFPRI's research activities, product, and plans; Annex IV summarizes its financial record to date.

Present Position

The three sponsoring members, and the Institute's Board, believe that the record to date supports the views of those who proposed establishing IFPRI. We note, in particular, the following points:

.../3
1. In proposing IFPRI, TAC emphasized the need to keep the global food and agricultural situation under continuous independent review and analysis with respect to such matters as supply and demand, stocks, supply of inputs, price and trade developments and prospects. In a world where food supplies and demands remain in precarious balance, this need is clearly undiminished, and IFPRI has responded to it. Drawing on primary data gathered by the FAO, the World Bank, the U.S. Department of Agriculture, and others, IFPRI has already produced summary data and projections of supplies and demands for food in developing countries which have been widely accepted as unbiased and reliable. (Research Report No. 1, "Meeting Food Needs in the Developing World: The Location and Magnitude of the Task in the Next Decade", February, 1976; and Research Report No. 3, "Food Needs of Developing Countries: Projections of Production and Consumption to 1990", December 1977.) The Second Asian Agricultural Survey, sponsored by the Asian Development Bank, drew heavily on these studies. In carrying forward this work, IFPRI is engaged in close consultation with FAO in its efforts to refine its basic data and to reduce discrepancies of estimation with other reporting agencies. IFPRI is continuing to build its capacity to exercise independent judgement in the interpretation of data from a great variety of sources.

2. In proposing IFPRI, TAC emphasized the need to undertake analysis of key policy issues from an international point of view. This need is clearly undiminished, and IFPRI has begun to respond. An example is the work IFPRI has done on an insurance approach to international food stocks. ("Food Security: An Insurance Approach", 1978). This work has already received wide notice and will be the centerpiece for an international conference on food security to be sponsored jointly by IFPRI and CIMMYT in November 1978. Such studies clearly help national planners -- especially those in developing countries who may have fewer analytical resources at their disposal -- to assess the possible impact on their own economies of conditions arising outside their countries and to formulate appropriate policies. Moreover, because of its character, IFPRI is able to address international food policy issues free from national political pressures and therefore to focus on ways of achieving the most effective results for all concerned.

3. In proposing IFPRI, TAC emphasized the need to make analyses of specific food policy issues of priority concern to the governments of developing countries. This need is clearly undiminished, and IFPRI has begun to respond. In addition to the kinds of research reports referred to above, which are of general benefit to developing countries, IFPRI is working on problems of specific
countries. For example, IFPRI joined with the World Bank in sending a food policy advisory mission to Bangladesh in 1977, and is undertaking with IRRI a research program intended to improve the basis for food policy decisions in several Southeast Asian countries. Preliminary discussions are underway as to how IFPRI can work with Nigerian analysts in collaborative efforts and exchange of professional staff. IFPRI intends to increase this kind of "outreach" activities as budget and staffing permit.

4. IFPRI is providing research and analysis of value to the TAC and the Consultative Group, as was anticipated by those proposing its establishment. For example, IFPRI produced a basic paper for the current review by TAC of priorities for international agricultural research ("Criteria and Approaches to the Analysis of Priorities for International Agricultural Research", February, 1978). IFPRI also prepared an overview paper for the CG discussion of training requirements for agricultural research in the fall of 1977. ("Training Requirements for Research and Its Application - An Overview", May, 1977).

5. From the beginning of the Group's existence, CG members have emphasized the essential interrelationship between technological improvements and socio-economic policies if food needs are to be met; for this reason IFPRI's work is a crucial complement to the work of the existing centers in the CG system. IFPRI is developing the kind of close working relations with the other Centers which were foreseen as necessary to maximize the capacity of the CG system to help alleviate the food, nutrition and poverty problems in developing countries. The IFPRI-CIMMYT conference on food security has already been referred to, as has been the collaborative program by IFPRI and IRRI to address a set of trade, food consumption and production policy issues in several Southeast Asian countries. This program will involve research activities in national institutes of those countries as well as in IFPRI and IRRI, and will not only produce research results but also assist in building national analytical capacities in those countries.

6. In 1974, there was concern whether the need for IFPRI would be superseded by organizations established by the World Food Conference. As events turned out, neither of the principal organizations established by the Conference has undertaken the kinds of research and analysis produced by IFPRI. In fact, both the World Food Council and the Consultative Group on Food Production and Investment (while it existed) have drawn on IFPRI's research capacity and output. ("Investment Requirements to Increase Food Production", June, 1978).

7. In 1974, there was concern that IFPRI would duplicate the work of other organizations. In fact, it has become clear that IFPRI is playing an essential complementary role. IFPRI complements
the work of FAO both by exercising an independent judgement in the interpretation of data and by undertaking independent policy analysis. IFPRI complements the World Bank's work by undertaking independent policy research oriented especially to the needs of the developing countries, including (prospectively) analyses of the effectiveness of international assistance policies aimed at increased food production and consumption. There are several strong national centers of research on food policy located in advanced countries; none offers IFPRI's special combination of international approach and primary concern for the developing countries. The various centers in the CG system have socio-economic staffs, but they are limited to the crops and functions of those centers and need the benefit of IFPRI's broader concerns with issues of food production, trade, and consumption. Thus in logic, and on the evidence of experience to date, IFPRI is a valuable complement to other important organizations concerned with the world's food problems. IFPRI's work can thus be expected to raise the effectiveness of national and international efforts to respond to the world's problems of hunger and nutrition.

8. IFPRI is well established as international in its Board and staff composition. The Board of 14 includes members from 10 nations; 7 board members are from developing countries. The research staff of 21 includes 14 nationalities; 15 staff members are from developing nations. IFPRI has made substantial progress toward acquiring the spread of geographic and functional staff specializations needed for integrated research on complex food policy issues and for a leadership role in the global research community concerned with national and international food policy problems.

For these reasons, the conclusion drawn originally in 1974 by the IDRC and the Rockefeller and Ford Foundations seems to stand with increasing firmness: the more the world attempts seriously to grapple with international food policy issues, the more it will need the kind of research intended to be provided by IFPRI -- independent research of the highest professional quality, produced under international auspices, and focussed primarily on the needs of the developing countries.

We believe the case for IFPRI is stronger today -- because initial results can be shown -- than when it was originally proposed four years ago. The experience to date is necessarily limited, but it is now timely and necessary to bring the issue of IFPRI's future before the CG. The three sponsors undertook to support IFPRI for an initial five-year period of which 1978 is the third year. Already, important questions about IFPRI's future program and staffing are beginning to arise, the answers to which depend on knowing what support IFPRI can
expect beyond the initial five-year period. While IFPRI's costs are quite small compared to those of the biologically-based centers, the effects of inflation and the demonstrated need for a somewhat larger core staff than originally contemplated have led to projections of a budget for the fifth year in the order of $2.5 million. During a second five-year period its core budget, supporting a senior research staff of 25 persons, would probably be between $3 million and $4 million annually. It has been clear from the outset that these are sums which the three original sponsors could not meet.

The present position may be summarized as follows: The intention of the three original sponsors was to follow the recommendations of the TAC and to give IFPRI a start. We have done so. IFPRI has begun to demonstrate the valuable results anticipated by the TAC, and can be expected to grow substantially in value over the next few years. The initial five-year period is half over, and a basis needs to be laid for planning and financing the organization thereafter. In our view, and the view of IFPRI's Board of Trustees, the logical course is for the CG to accept IFPRI as a member of the system of centers sponsored by the Group.

Accordingly, we request that the Group resume its consideration of IFPRI, with a view to reaching a decision on IFPRI's membership in the CG system at the earliest convenient date. The three sponsors, and the Board of IFPRI, stand ready to assist in whatever way will be most useful.

Yours sincerely,

Ivan L. Head
President

McGeorge Bundy
President
Ford Foundation

John H. Knowles
President
Rockefeller Foundation

Encls: 4 Annexes
Annexes to letter from IFPRI sponsors to Chairman, CGIAR

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Food Policy Research Institute

79. Sir John Crawford reported that TAC recommended to the Consultative Group the establishment of an International Food Policy Research Institute to undertake studies in key policy issues relating to world agricultural development, particularly to food problems. Such an institute would be designed to complement and reinforce the activities of other agencies concerned with the gathering of information and the discussion of policies affecting world agriculture.

80. Sir John pointed out that the subject had arisen in the context of TAC's review in the last three years of economic work at the Centers and of the socio-economic aspects of agricultural research. Many of the problems raised were problems for national policy makers. There was a need for better information as a basis for policy decisions on managing the world's food and policy resources, and also a need for policy studies of problems affecting groups of countries or even the over-all pattern of world agriculture. Such studies could lead to better management of the world's food and agriculture resources, help to mitigate or overcome recurrent famine, scarcity of critical inputs, price fluctuations and other crises, all of which could be lessened by international management.

81. The institute would provide guidance to TAC and the Consultative Group, but would be designed primarily to make advice on food policy issues available to the governments of developing countries. TAC envisaged the terms of reference of the proposed institute as follows:
ANNEX I

(a) To keep the global food and agriculture situation under independent review and analysis with respect to such matters as supply and demand, stocks, supply of inputs, price and trade developments and prospects. It would use the primary data gathered by the FAO, World Bank, US Department of Agriculture and other major agencies, together with information from the international agricultural research system.

(b) To select key policy issues for analysis. The Institute would examine major agricultural policies and trade problems relating to food, particularly those involving sensitive relationships between governments (for example, the distribution of fertilizer and other inputs in short supply). Such studies would help national planners to assess the possible impact on their own economies of conditions arising outside their own countries and to formulate appropriate policies.

(c) To identify research needs which bore on world food production and use; for example the use of the land resources of South America for meat production, and the opening of new territories such as the Amazon basin.

(d) To transmit its findings to policy makers, among other means, by seminars and workshops.

(e) To work largely through task forces and subcontracting of research projects. The central staff would provide guidance on priorities and methodology for the various task forces. The Institute would therefore need to have close relationships with existing research institutes so as to develop teams which would work on particular problems.

82. TAC envisaged a professional staff of about 12, half of whom would be senior staff. A number of the staff would come from the less developed countries working on a rotation basis and then returning as principal advisers and policy makers to their own countries. The staff of the international centers would be closely associated with the work of the Institute.

83. There would be no construction costs. There would be outlays for equipment and for rental space, as well as operating costs such as staff salaries and travel and consultancy fees for task forces working on particular problems.

84. Concerning the funding of the Institute, TAC left open the option whether it should be submitted to the Consultative Group or whether it should have a more private orientation and be arranged independently of the Group. Either way, the Institute could be established for a trial period such as 5 years.

85. On the location of the proposed Institute, TAC did not have a final recommendation. It recognized the need for strong working relationships with important institutions in Rome (the FAO) and in Washington (the World Bank and the U.S. Department of Agriculture). Geneva was also considered a possibility.
86. TAC recommended that an international board be set up to establish the institute and to provide close relationships with the agencies concerned. It suggested the establishment of a steering committee to examine such questions as the level and type of staffing and the location of the institute, and also to open negotiations for the establishment and appointment of the proposed international board.

87. In the discussion which followed there was considerable recognition of the work already done in FAO in providing information and of FAO's strong interest in research on agricultural development problems. The FAO representative referred to the strengthened work on data collection, food security analysis, and early warning systems recently undertaken by FAO and the need for an effective and close working relationship with any proposed institute so as to avoid duplication. He asked that FAO be consulted in the establishment of the proposed international board. The discussion recognized that the independence of the institute would make it easier to make public its analysis, particularly on controversial questions.

88. A number of speakers supported the TAC proposal. They believed that the world would continue for some time to be intermittently on the edge of extremely serious food situations. Data concerning food supply and prospects were improving, but it would be of great value to have a source of highly professional analytical advice publicly available. The proposed institute should be small (like the highly respected Institute of Strategic Studies), should be independent of government influence, and should be completely non-political. It was further suggested that the institute might be established and supported during an experimental period by non-governmental organizations which are members of the Consultative Group.

89. Other speakers expressed skepticism about the desirability of establishing the institute. They pointed out that many organizations already were working in the field proposed by TAC, doing work of varying quality and producing hundreds of reports. It was doubtful that an institute of the size proposed could make an outstanding contribution. No convincing reason had been given for supposing that this institute could succeed where so many others had failed to establish pre-eminence or perform useful work. It also seemed desirable not to take a decision in this matter outside the framework of the forthcoming World Food Conference.

90. The Chairman of the Consultative Group concluded that there was support for the establishment of a research institute with an international board which would have responsibility for focusing on world food policy matters, linked to other agencies and centers doing research in this field. At the same time, the Chairman recognized the diversity of views expressed and said he would not ask the Group as a whole to endorse any specific proposal. Nor would he commit the Consultative Group to take any action until there was a further opportunity to discuss the subject, in principle at the Consultative Group meeting shortly before the World Food Conference.

91. At the conclusion of the discussion, the Chairman said that he believed that the matter of establishing the institute should continue to be
considered within the framework of the Consultative Group; and it was agreed that a steering committee should explore the matter further before the next meeting of the Group. The Chairman suggested that there were two ways of pursuing the question of the relationship to the work of the World Food Conference: it might be pursued by the steering committee or by the Consultative Group Secretariat, but in either case the procedure should be quite informal.
International Food Policy Research Institute (Agenda Item 3b)

22. At Centers Week, TAC had strongly recommended establishment of an International Food Policy Research Institute to conduct analysis of food policy questions and act as a source of information and advice particularly to developing countries. The Chairman of the Consultative Group pointed out that no consensus had been reached during the CG's discussion of this recommendation at its meeting. Representatives had questioned usefulness of the project it would be established and its possible relationship to the CG. Accordingly, an informal working group had been formed to explore the question further.

23. Sir John Crawford reported on the working group meeting in Ottawa in September, which he had chaired. He emphasized that TAC's recommendations for the establishment of a Food Policy Research Institute had grown directly out of TAC's continuing consideration of socio-economic research. Food policy issues often were beyond the capacity of many countries to handle for themselves, and were an appropriate subject for TAC recommendations to the Consultative Group. Sir John noted that the Ford and Rockefeller Foundations and IDRC were willing to accept initial responsibility for financing the institute. The important issue outstanding from the Ottawa meeting was not that of funding but the question of the proposed institute's relationship to the Consultative Group. TAC supported creation of the institute, but was open as to the nature of relationship which the CG might want to establish. The institute could not at this stage be presented to the Group as a permanent commitment but would have to prove itself over a number of years.

24. Further discussion failed to develop any clear consensus either on the suitability of establishing a Food Policy Research Institute or on how to relate it to the Consultative Group. Several members of the Consultative Group stated that any decision should at least await the outcome of the World Food Conference so as to assess better whether such an Institute was needed. Given the absence of any clear consensus in favor of the establishment of the Institute as part of the Consultative Group system, the Chairman invited members to consider two alternatives: (1) that the Group should take no further action at this time; that it would understand that the "private" sponsors might wish to consider what action to take with respect to the proposal in the light of the World Food Conference; that the Group would like to be kept informed of the thinking of the "private" sponsors; in the event that they should decide to establish a center that the Group would wish to establish an effective communications link with it; and that, recognizing it to be a pioneering activity, the Group would be prepared to reconsider the question of sponsorship at some future date; (2) that, in addition to the above, the Group would endorse the usefulness of establishing such a center by the "private" sponsors.

25. There was general agreement to adopt the first alternative.
At the request of the Chairman, I summarize below the implications of the principal findings to date from IFPRI's research, and preliminary indications of its future directions.

The Size of the Food Problem

IFPRI's initial research effort has shown dramatically what an immense food problem the Third World and the world generally face over the next few decades. Research Report #3, Food Needs of Developing Countries: Projections of Production and Consumption to 1990, provides detailed country-by-country data on trends in consumption and production for the 82 developing market economy (DME) countries (developing countries, excluding those with centrally planned economies such as the People's Republic of China). The analysis projects to 1990 the past food production trends from the period 1960-1975 and compares those projections with expected growth in demand. The demand projections are based on the U.N. medium-variant population projection and per capita consumption projections based on FAO income elasticities and two alternative estimates of per capita income growth: a "high" estimate based on projection of the growth rate for 1960-1974 for non-oil exporters, and 1965-74 for the oil exporters; and a "low" estimate of 25 percent lower rates as reflected during the three retarded growth years immediately following the dramatic increase in oil prices.

Given the apparently conservative assumptions, the projected gross
food deficits are strikingly large -- 120 million tons with slow growth in income, 145 million tons with the higher growth rate, compared to gross imports of 37 million tons by the DME countries in 1975. Even if the demand were satisfied at the higher growth rate, hunger would not have been ended by 1990 (based on the FAO defined calorie standard). That objective requires at least 170 million tons of grain equivalent above projected 1990 production. (For analysis of nutritional needs see Research Report #2, Recent and Prospective Developments in Food Consumption: Some Policy Issues).

Closing the Food Gap

Each of the alternative means of reducing the projected food deficits has chastening implications. Expanded trade may meet some of the deficit, an avenue explored in Occasional Papers #1, Commodity Trade Issues in International Negotiations, and #2, Potential of Agricultural Exports to Finance Increased Food Imports in Selected Developing Countries. But the bulk of the deficit cannot be financed or transported, particularly that part attributable to the lowest income countries. Food aid, even on a more generous scale, could play only a marginal role in alleviating their situation. The anticipated reduction in population growth rates is important, especially in the longer run, but unlikely to affect food demand significantly by 1990. Lower rates of per capita income growth are distressing to contemplate. In any case, the development efforts of the past few decades are more likely to result in faster than in slower growth rates.

Unfortunately, a faster rate of growth of per capita income cannot necessarily be equated with more equitable income distribution. Indeed, if increased production, trade and aid are insufficient to close the food gap, it is all too likely that it will be closed by a further major worsening of income distribution against lower income people. As rising per capita incomes force up food prices, the poor, who spend most of their income on food, must necessarily have their real income, food intake and nutritional status decline. That is doubly disturbing in these days of increased emphasis of broadened participation in growth and on meeting the basic needs of the poor majority. The analysis in Research Report #3 leads to the conclusion that increased supplies of food are absolutely essential to improved income and welfare of the poor in developing market economy countries.
To provide sufficient food to close the nutritional gap solely through increased production in developing countries will require an annual growth rate in food production of approximately 4 percent. That is a rate rarely achieved by any nation for a sustained period of time, although it is the target rate chosen by the World Food Council.

Investment Requirements

Research Report #12, Investment Requirements to Increase Food Production, clearly shows how difficult it is to obtain annual growth rates on the order of 4 percent and what a powerful concerted effort is needed. That report estimates the investment required to close the gap between projected production and consumption by 1990 in the 36 food deficit, low income nations (which comprise 33 percent of the world's population and 68 percent of the population of developing market economy countries). The study, originally commissioned by the CGFPI and broadened at the request of the World Food Council, provides five salient findings.

First, achieving 4 percent growth rates in food production requires an immense quantity of resources. Not only will an expanded and redirected effort be required in developing countries, but much larger resource transfers will be needed from the developed countries as well. Increased flows of material resources must be accompanied by an unprecedented expansion of human scientific, technical and managerial skills in the Third World.

Second, the irrigation expansion needed for just these 36 food deficit low income countries requires $47 billion of additional investment between now and 1990. IFPRI's estimates are necessarily based on many judgments but results, at least for the major food deficit countries of Asia, are generally consistent with those done as a separate and parallel exercise for the Asia region by a Japanese study team on behalf of the Trilateral Commission. The magnitude of the irrigation investment highlights not only the importance of irrigation to reaching higher growth rates of food output, but also the importance of high levels of efficiency in irrigation development and utilization as well. That consideration has led us to collaborate with IRRI, IFDC and national institutions in the ASEAN countries on a research project on irrigation investment and efficiency in Southeast Asia.

Third, the massive irrigation investment and its ancillary investments in fertilizer production and use and technical change would provide no more
than half of the additional food needed to close the gap estimated for 1990. The rest must come from rainfed agriculture and in the face of declining opportunities for expansion of the cultivated area. It is notable that although irrigation eventually must play a much larger role in Africa, increased production from rainfed agriculture will continue to be the dominant element of food production growth in Africa for the next decade or so.

Fourth, if rainfed agriculture is to play its full role in meeting the 4 percent growth rates, yields per acre must generally grow at rates of 2 percent or more. That requires an unprecedented rate of progress in applied research. New technology, adapted to a myriad of local conditions, must not only raise yields directly, but must also increase profitability of purchased inputs in order to further increase production. The CGIAR system of international research centers, in conjunction with rapidly developing national agricultural research systems, must play a vital role in that process.

Fifth, international development assistance expenditures are much better documented than national levels of expenditure on the agricultural sector. IFPRI's estimation of investment requirements will therefore be complemented by a trial effort to estimate levels and trends in national budgetary allocation to agricultural development.

Research Resource Allocations

In recognition of the importance of agricultural research in developing the base of technology which will permit a sustained increase in productivity, and the need for increasing the quantity and efficiency of research resources, IFPRI has given high priority to analysis of agricultural research allocations. The initial work, requested by the TAC Secretariat of the CGIAR, deals with the allocation of research funds within the CGIAR system.

The wealth of detail and careful qualification of findings reported in Research Report #9, Allocation of Resources to Agricultural Research: International Research Priorities, make it difficult to summarize. It is apparent, however, that imports of wheat into tropical countries are growing rapidly, which suggests a need for careful scrutiny of the potential for adapting high yielding wheat varieties to the inter-tropical zones. Results from maize, millet and sorghum research are still meagre relative to the large number of countries in which these are major crops. The tropical root crops loom far larger in value, ton-
Pulse production is more concentrated in South Asia than allocations of international agricultural research funds would suggest. The importance of rainfed agriculture and the fragile environments so common among rainfed areas indicate a relative increase in research on water and soil management. Despite IRRI's having been first of the International Centers, rice is far more important in value, in tonnage, and as a source of human nutrients than the current international research allocations would suggest. Economic, political and even physiological-biological consequences of new technology are receiving insufficient attention. Inadequate knowledge of the strengths, weaknesses and allocation of resources within and across national research and extension systems impedes decisions as to the optimum allocation of international resources for research and scientific training as well as hampering the adoption of the research output of International Centers at the national and local levels.

As a follow-up to the work for the TAC and as an initial approach to analysis of national agricultural research systems, the Institute has undertaken research on Nigeria's research allocations. It has been found that, in at least partial continuation of an historical relation, the proportion of research funds being devoted to food crops, relative to export crops, is much smaller than the ratio of food to export crops in value of production. In addition, efficiency may be substantially increased by changing the proportion of research resources given to various agricultural regions.

Replication of such research in other countries will pave the way for analysis of over-all investment requirements in research and its allocation between national and international centers. The investment requirements study indicates that investment in agricultural research and scientific training between now and 1990 should probably be of the order of $3.5 billion for just the 36 low income food deficit nations. IFPRI research will emphasize means of increasing efficiency in the use of these important investments. Reflecting the size and importance of such investments, IFPRI plans a substantial continuing effort on various aspects of research investment.

**Increasing Food Consumption**

Our research program reflects an increasing concern with how accelerated food production growth rates can be matched by commensurate growth in effective demand, particularly in the low income countries.
This match is necessary not only to meet humanitarian objectives but also to maintain the remunerative prices essential to high rates of production growth. Research shows clearly that growth of effective demand for food is determined basically by the growth in the purchasing power of the poor. The lower income deciles of the population spend half or more of increments to their income on grain alone, while the upper income deciles spend 10 percent or less of their income. In the long run our research program will analyze the growth linkages and market forces implicit in a rural led growth strategy. Macro analysis showing the point at which disparity in wage rate triggers migration from rural to urban areas is helping us define rural development patterns needed to provide remunerative employment in rural areas. (See Research Report #6, Intersectoral Factor Flow and Agricultural Growth (forthcoming).) In the short run, IFPRI's research on food consumption is concentrating on broad food subsidy schemes as a means of making larger quantities of food available for consumption by the poor.

Research Report #8, Impact of Subsidized Rice Distribution on Food Consumption and Nutrition in Kerala (forthcoming), shows that two-price, ration shop systems can have a major positive effect on food intake, dietary balance, nutrient consumption and health (as measured by height and weight measures) of low income people. The analysis is based on data collected directly from low income households in Kerala. The study ranks income sources (in the following order) for efficiency in improving child health -- broad food subsidies, production on the farm by its owner, and off farm wages. Other variables will be examined and the analysis will be expanded to other and larger populations.

Meanwhile, other aspects of the research are comparing costs of broad food subsidy programs in India, Sri Lanka, and Bangladesh and relating these costs to other policies. We recognize that widely admired food distribution programs such as that of Sri Lanka are expensive, particularly with respect to public sector resources. Nevertheless, it appears that broad food subsidy programs are a promising means of improving the welfare of large numbers of poor people, despite the high costs. In due course, the research aims to provide the basis for judgments about the efficacy of alternative policies for increasing effective demand and food consumption of low income people apace with accelerating production. This future work will include comparison of the costs and benefits of narrowly targeted programs.
compared to broad based distribution programs and the role of price policy in influencing the composition of production and consumption.

Food Aid

Accelerating food production growth rates requires, depending on the country, 5 to 20 or even more years of major effort in institution building, investment in physical facilities and consistent policy measures. Food aid can be an important device for reaching the poor in the short run. Preliminary findings from a comprehensive IFPRI analysis of food aid are reported in Programming United States Food Aid to Meet Humanitarian and Developmental Objectives, drafted as a contribution to a Brookings Institution study of foreign assistance. That analysis shows that a food aid program of over 70 million tons per year would be needed to close the calorie gap and to meet projected increases in effective demand. The analysis notes that filling even 20 percent or so of that gap could be of great value. Emphasis is given in the analysis to the relation between food aid, programs to increase effective demand commensurate with the food aid, and domestic production programs which can facilitate an eventual phasing out of food aid if food aid is to be effective in a development context. In this context, the importance of continuity and reliability of food to these objectives is clarified.

Food Security

IFPRI has given a high priority to research on food security. This priority in part reflects a view that security of food supplies is essential to effective policy to increase food consumption by low income people. The Institute's approach to food security reflects our belief that the food security needs of the poor people in low income countries have to be met separately from the larger problems of dealing with instability in world grain markets which so much reflect the direct and indirect effects of demand for grain-fed livestock by high income consumers in high income countries.

Thus the IFPRI analysis has first concentrated on measures to insure developing countries against the increase in foreign exchange requirements to replace domestic production lost due to the vagaries of weather. IFPRI has also concentrated on international schemes in recog-
nition of the very high cost of nationally held stocks which cannot average out variation in weather.

Research Report #4, *Food Security: An Insurance Approach*, presents an insurance type food security scheme, a simulation model for analyzing the costs and operational qualities of such a scheme, and country-by-country data on the costs and operations of the scheme. CIMMYT and IFPRI are now co-sponsoring a major conference in Mexico at which four alternative approaches to food security will be compared: IFPRI's multilateral insurance scheme, including both financing facility and grain reserve; a program to be run unilaterally by a major exporter such as the U.S.; a unilateral effort by a developing country; and a financing facility of a type that might be appropriate to the IMF. The operational problems of a food security system as epitomized by the ASEAN countries, India, East African countries and Colombia will be analyzed. We hope that a clear view of food security alternatives at a timely period for policy making will result.

**Linkages**

The Institute has experienced a steady growth of opportunities to tie its research to policy. The estimates of future food needs have been utilized substantially by the "Second Asian Development Survey" carried out under the auspices of the Asian Development Bank; by the World Food Council; by the World Bank in its "World Development Report"; as well as by numerous national and private agencies. The estimates of investment requirements to achieve accelerated food production growth rates have provided the support, and been so utilized, for the World Food Council's statement of resource needs. The food security work has been examined by the World Food Council and the International Wheat Council. The TAC of the CGIAR held a special session in Nairobi in June 1978 at which IFPRI's analysis of research allocations was a central point of discussion. The Institute's analysis played a major role in the 1977 deliberations of FAO's Protein Calorie Advisory Group. The Food Aid study was incorporated in the Brookings Institution's report on foreign assistance to President Carter and in a special PL 480 task force report. IFPRI staff attend the FAO Food Security and Food Aid Committee meetings and are able to reflect the Institute's research at the meetings and obtain insights to guide future research in useful directions. IFPRI is providing extensive analysis to the World Agrarian Reform and Rural Development Conference (on whose Advisory Panel the Director sits). A major paper based on
IFPRI's research is being prepared for the Brandt Commission (to which the Director made a major presentation on food policy). The Trends Analysis Program is working with FAO and USDA to improve the usefulness of the aggregate data base for food production trends, while the Trade Program is using its model for analysis of trade liberalization in support of FAO's Year 2000 project.

A Look Ahead

The next step in IFPRI’s development must be to add a major dimension dealing with policies and problems of particular developing countries. That dimension has been modestly present in the country specific aspects of the food distribution, food security, trade and food aid efforts. Its full flowering, however, depends on the development of close collaborative arrangements with research institutes and policy makers in developing countries. The Institute is now taking the initial steps along that path.

Discussions are being initiated to expand the study of Nigerian research resource allocations. The person in charge of that effort is now returning to Nigeria, providing the basis for a continuing institution-to-institution relation that should assist the development of each. The likely shift to IFPRI of another Nigerian from the same institution offers scope for broadening and consolidating an arrangement with benefits in personnel development, research output and dissemination of research results.

In an advanced stage of preparation and negotiation is a broad project on rice policy in the ASEAN countries. IFPRI, IRRI and IFDC are collaborating with national institutions of the ASEAN countries in an integrated project. The initial share of the project will encompass domestic food policy and its reflection in trade; the relation between supply and irrigation investment and efficiency; and fertilizer policy, particularly as it relates to expanded supply of rice.

A new staff member, arriving next summer, highly experienced in the Sahel and with enterprise combination questions, will explore collaboration with ICRISAT, ILCA and other organizations with operational interests in Africa on food policy problems of the Sahel. That effort should lead to a broader consideration of area specific combinations of enterprise problems -- a question of vital concern to the Inter-
national Centers as well as in the national research systems.

A joint World Bank-IFPRI analysis of food policy in Bangladesh has led to an invitation to a senior IFPRI staff member to play a substantial role in implementing the recommendation. That effort is likely to lead to expanded lines of research tied to Bangladesh problems. Similarly applied work in nutrition policy is leading to proposals for extensive comparative field work in close association with national institutions in several developing countries.

The growing emphasis on particular countries and regions is leading not only to closer collaboration with International Centers and national institutions but also to staff interchanges that will increase national capacities to analyze food policy problems more effectively. It is from this thrust that IFPRI will develop a capacity to serve as a focal point for a wide network of activity among various national and international organizations. The progressive expansion of IFPRI's staff across functional and geographic areas and the nature of the research program give the Institute a unique potential to provide leadership in the large community of researchers on food policy.
### IFPRI Financial Summary

#### September 15, 1978

#### Receipts

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#### Expenditures

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#### Surplus (deficit)

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#### Working Capital Fund Balance

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#### Number of Senior Researchers at beginning of year

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<td>Number of Senior Researchers at beginning of year</td>
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Without allowance for salary and price increases over 1979
SENIOR STAFF

September 15, 1978

John W. Mellor
Mary P. Rafferty
Kathleen Hathaway
James Gavan
Peter Oram
Leonardo Paulino
Alberto Valdes
Raisuddin Ahmed
P. S. George
Barbara Huddleston
Dharm Narain
Ammar Siamwalla
George Alibaruho
Panos Konandreas
Shubh Kumar
Virabongsa Ramangkura
Shyamal Roy
Indrani Sri Chandrasekera
Juan Zapata
Jorge Garcia
Francis Idachaba
Yair Mundlak
J. S. Sarma
Kenneth Bachman

Director
Director for Administration
Program Director-Information Services
Program Director-Consumption Policy
Program Director-Production Policy
Program Director-Trends and Statistics
Program Director-Trade Policy
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Fellow
Research Associate
Research Associate
Research Associate
Research Associate
Research Associate
Research Associate
Consultant
Resolution

IFPRI'S APPLICATION FOR INCLUSION AS AN INSTITUTE WITHIN THE CGIAR SYSTEM

Recognizing the undiminished need for independent review and analysis of critical issues related to world food policy, the Board of Trustees of the International Food Policy Research Institute, at its meeting in February, 1978, requested the three founder supporters of IFPRI who are also members of the CGIAR to re-open with the Chairman and members of the Consultative Group the question of the Institute being included within the CGIAR system.

The Board believes that IFPRI has demonstrated a capacity to play a valuable and possibly unique role in research on food issues, which will complement that of the Multi-national Agencies and the International Centres, and will benefit developing and developed countries alike. Both directly and indirectly IFPRI can make a contribution to the aims and objectives of the CGIAR and has already begun to do so.

Furthermore, while respecting the reservations concerning the establishment of IFPRI expressed by some members of the CGIAR in the uncertain conditions just prior to the 1974 World Food Conference, the Board hopes that they will now recognize that subsequent events have largely dispelled these doubts. The need remains for the kind of critical analysis which IFPRI was set up to undertake, and events have also shown
that this demand is expanding beyond the funding capacity of the current donors of the Institute.

The Board, therefore, resolves to convey to the Chairman of the CGIAR its complete and unanimous endorsement of the initiatives taken by its Chairman and donor members in pursuit of its request to seek sponsorship for IFPRI from the Consultative Group. The Trustees earnestly hope that this request will receive early and sympathetic consideration from the members of the Group.

September 6, 1978